MAJOR REGIONAL COOPERATIVE SUPPLY OPERATIONS

Annual Volume Above $25 Million
Fiscal Years 1972 and 1973

S.DEPARTMENT OF AGRICULTURE FARMER COOPERATIVE SERVICE FCS RESEARCH REPORT 29

CONTENTS

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At the outset of World War II, officials of several regional cooperatives recognized the need for a publication to indicate to Federal and State agencies the importance of agricultural cooperatives in providing farmers with essential production supplies and equipment. Among the critical items at that time were petroleum, farm equipment, and other steel products. As a result, publication of this handbook was begun in 1942, with information voluntarily supplied by 17 major regional farm supply associations in the United States.

Publication of the handbook was continued annually to help farm leaders, educational institutions, government agencies, and others to better understand the operations, trends, and progress of cooperatives handling supplies, and the benefits farmers derive from these associations.

Handbooks were published annually through 1957; since then they have been issued bi-annually except for 1966 and 1967 and for 1970 and 1971.

This report contains information provided and approved by 19 major regional cooperatives that handle a *diversified* line of supplies and equipment used primarily by farmers. There are at least six other major regional cooperatives and eight federations of regionals (national or area cooperatives) that handle supplies. Most specialize in one or two types of supplies. Their names and addresses are listed in the appendix.

Changes in cooperatives included in this handbook, compared with those in the last one for 1968 and 1969, were: (1) Farmers Regional Cooperative, Ft. Dodge, Iowa, and Land O' Lakes Creameries, Minneapolis, Minn., merged to become Land O' Lakes, Inc.; (2) MFC Services, Jackson, Miss., and Farmers Union Grain Terminal Association, St. Paul, Minn., were added; and (3) MFA Milling Co., Springfield, Mo., and Nulaid Foods, Inc., San Leandro, Calif., were no longer included because of specialization or size.

A "major regional association" refers to one handling more than $25 million worth of supplies annually and that: (1) wholesales supplies to local retail coperatives; or (2) directly retails supplies to farmers over an area comprising a part of a State, an entire State, or several States; or (3) performs both functions. These regional cooperatives also may manufacture some of the supplies they distribute.

"Supplies" include feed, seed, fertilizer, petroleum products, and general supplies and equipment used in farm production and some supplies and equipment used in farm homes and by nonfarmers.

The first section of this report gives detailed information on each of the cooperatives handling supplies. The associations appear in the order of their net supply business for the latest year that information is available. The second section contains a consolidated summary of these individual organizations.

ASSOCIATION REPORTS FOR 19 MAJOR REGIONAL COOPERATIVES

This section contains information supplied and approved by individual regional cooperatives. Organizational features include date organized, area or service, number of members served, financial requirements for membership, voting provisions, number and terms of directors, and number of employees.

Operating and financial data included are type and number of retail outlets, sales of farm supplies and farm products, by type; amount and distribution of net margins; cash payments of current dividends, refunds, and revolving capital; condensed balance sheets; itemized member equities; and type and capacity of principal facilities.

Agway Inc.

Agway Inc., Syracuse, N.Y., was organized under the Delaware General Corporation Law early in 1964 to effect a merger of Cooperative Grange League Federation Exchange, Inc., Ithaca, N.Y. (commonly called GLF—formed in 1920) and Eastern States Farmers' Exchange, Inc., West Springfield, Mass. (formed in 1918). The merger became effective July 1, 1964.

On June 1, 1965, Agway Inc., acquired the assets and assumed the liabilities and reserves of the Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa., and 30 of its affiliated local retail Farm Bureau cooperatives, as well as the Farm Bureau Marketing Cooperative at Harrisburg. On November 1, 1965, the Burlington County Farmers Cooperative Association, Mt. Holly, N.J., was merged into Agway.

Agway provides supply manufacturing, purchasing, and distribution services and farm product processing and marketing services for farmers in Connecticut, Delaware, Maine, Massachusetts, New Hampshire, Vermont, New York, New Jersey, Pennsylvania, Rhode Island, northern and eastern Maryland, and northeastern Ohio.

Agway is a centralized cooperative in which farmers hold direct membership. Only farmers and farmer cooperatives may become members by acquiring one $25 share of common stock. As patrons, they purchase farm supplies or farm services, or market farm products through Agway. Each member has one vote in the affairs of the association. No person may hold more than one share of common stock.

On June 30, 1973, Agway had 111,082 individual farmer-members. It also served a large number of nonmember farmers and other rural and suburban patrons.

Agway's board of directors also has authorized the payment of patronage refunds to patrons other than members, who are designated "contract patrons." On June 30, 1973, Agway had contracts with about 200 seed dealers in the central States who purchase seed from Agway, several departments or agencies of State governments, the Federal Government, and charitable, religious, and educational institutions producing farm products.

Control of Agway is vested in a board of directors, consisting of 18 members elected for 3-year terms on a staggered basis. Members doing business with each Agway distribution point or combination of distribution points select a local member committee. These committees act in an advisory capacity and nominate directors in each of the 18 districts. On June 30, 1973, 390 local or zone committees consisted of 2,909 members.

Nominations for a director from each district are made by local member committees with the help of an advisory nominating committee for each district that is appointed by Agway's president. Each advisory nominating committee consists of one director of Agway from outside the district and not less than two nor more than six Agway members residing within the district.

Prior to the annual meeting of Agway, local committeemen meet with the advisory committee for that district. At that time, the advisory commitee presents its recommended nomination. Additional nominations may be made from the floor. If there is more than one nomination, the local committee chairmen within the district vote by ballot. The vote of each chairman is weighted by the volume of member business done at the distribution point or combination of distribution points he represents. No chairman, however, has more than five votes.

Because of Agway's size, it has an Agway Council to function as a liaison between members and the board of directors. It meets with Agway's Board twice a year. On June 30, 1973 this Council had 390 members consisting of chairmen of Agway store, representative, and zone committees which in turn are elected by local farmer-members.

On June 30, 1973, Agway was providing supplies and marketing and related services to its patrons through several types of local outlets (table 1).

The Agway store corporations are retail cooperatives managed by Agway. Technically, they are subsidiaries of Agway, because it holds all of their common stock under a trustee-ownership arrangement. Local farmer-members own the nonvoting preferred stock of each. These service store cooperatives sell production and home supplies, market members' crops, and provide special services such as grinding and mixing feed, and spreading lime and fertilizer.

Table 1—Local distribution and marketing outlets of Agway, June 30, 1973

Outlet	Number
Agway store corporations (cooperatives)	162
Agway marketing corporations (cooperatives)	1
Agway-owned stores	159
Agway representatives:	
Independent retail dealers	342
Independent cooperatives	18
Agway Petroleum Corporation outlets:	
Retail bulk plants (including LP gas bulk plants)	151
Total	833

The Agway marketing corporation also is a managed subsidiary. The Agway-owned stores are branch retail outlets which sell production and home supplies and provide related services.

Both Agway store corporations and Agway-owned stores hold local annual meetings, at which time local committees are elected. Such committees have many of the powers of a local board of directors. Many of the store corporations are financed centrally, and some are financed directly through the Baltimore and Springfield Banks for Cooperatives. The area offices of Agway supervise the store corporations under management contracts that may be canceled at any time by action of the membership.

The retail bulk oil plants and service stations are owned by Agway Petroleum Corporation—a wholly owned subsidiary of Agway.

The Agway-owned stores and Agway Petroleum Corporation together accounted for about 49 percent of Agway's total supply sales and service volume in fiscal 1973. The Agway store corporations accounted for about 21 percent of the total.

Independent retail dealers and independent local cooperatives become Agway representatives by obtaining a franchise to handle Agway commodities in accordance with Agway policies. They are authorized to provide

supplies and service in areas in the States in which Agway operates, but where there are no Agway-owned or managed cooperatives or stores. They maintain patronage records of business transacted with Agway members so that Agway may distribute wholesale patronage refunds direct to them. These two types of outlets handle about 30 percent of Agway's total supply sales and service volume (including sales to special and wholesale accounts and petroleum plants).

Certain operations were conducted through the following wholly owned subsidiaries in fiscal 1973: (1) Agway Petroleum Corporation, which markets petroleum products, heating and air conditioning equipment, and tires, batteries, and accessories; (2) Wm. F. Cummins Co., which handles fencing and overhead doors; (3) Winney Hill Lumber Co., Inc., which markets building supplies; (4) Telmark, Inc., which is a finance and credit company handling retail installment contracts, deferred credit for crop and poultry supplies, and some consumer credit, as well as equipment leasing for patrons; (5) Agway Gardens, Inc., which sells suburban home and garden supplies through 10 leased retail stores in the Buffalo, Rochester, and Syracuse, N.Y., areas; and (6) Agway Insurance Company which writes a complete line of property damage insurance for Agway and others; and (7) Agway General Agency, Inc., which writes a complete program of life, health, and accident insurance for Agway members and others.[1]

Agway also manufactured, produced, or processed certain commodities through the following majority-owned subsidiaries: (1) Texas City Refining, Inc., Texas City, a refiner of petroleum—67 percent ownership by Agway Petroleum Corp.—with sales in 1973 of about $151.5 million; (2) Gromark, Inc., of Central New York, Clyde, N.Y., a producer, processor, and marketer of eggs—58 percent interest—with sales of $4.5 million; (3) Curtice-Burns, Inc., Rochester, N.Y., a processing distributor for fruit and vegetable products—67 percent interest—with sales of $61.2 million; and (4) Taterstate Frozen Foods, Washburn, Maine, a processor of potatoes—90 percent interest—with sales of $10.0 million in 1973.

[1] The latter two are excluded from consolidated statements of Agway because of the different nature of their operations. However, the investment equity of both is included in the consolidation, thus reflecting their net margins.

The farm production and home supply sales of Agway and its subsidiaries, partly at wholesale and partly at retail, for the last 2 years are shown in table 2.[2]

[2] Sales reported in the Agway annual report and stock prospectus are not always comparable because of basis of consolidation, interdepartment eliminations, and accounting conventions used for financial statement and line operation reporting.

Table 2—Net value of supplies, equipment, and petroleum sold—part at wholesale and part at retail—by Agway Inc., and its consolidated subsidiaries, fiscal years ended June 30

Commodity	1973	1972
	1,000	*dollars*
Feed, feed grains, flour, cereals, pet foods, shells, and bedding	232,652	172,905
Fertilizer and lime (including nitrogen)	48,834	43,195
Petroleum products [1]	271,404	249,359
Seed and seed potatoes [2]	17,256	12,504
General farm supplies & equipment [3]	117,372	97,950
Pesticides and other farm chemicals	19,434	16,542
Other supplies [4]	2,187	2,272
Total (per annual report) [5]	709,139	594,727

[1] Includes sales by Agway Petroleum Corporation, Texas City Refining, Inc., and Rebel Oil Co.—on a net basis after eliminating intercompany sales.
[2] Includes sales by Agway Seed Division, Allied Seed Company, and Allied Seed Corporation—net after intercompany sales.
[3] Includes tires, batteries, and auto supplies; steel and metal products, building materials, paint, and roofing; rope and twine; hardware, tools, and miscellaneous supplies; farm equipment; containers and package materials; white goods; oil and grease at service stores; and other supplies.
[4] Includes heavy machinery and equipment, parts (new and used), coal, cement, berry baskets, and live pets.
[5] Consists of retail sales of $335,591,000 in fiscal 1973 and $269,179,000 in fiscal 1972—by Agway-owned stores, Agway Petroleum Corporation, and Rebel Oil Co. (subsidiary of Texas City Refining, Inc.). Consists of wholesale sales of $373,548,000 in 1973 and $325,548,000 in 1972 to Agway store corporations, Agway representatives (independent dealers and local co-ops), regional cooperatives, and other firms.

The quantities of principal supplies sold during the last 2 years are shown in table 3.

Table 3—Quantities of major supplies sold at wholesale by Agway Inc., and its consolidated subsidiaries, fiscal years ended June 30

Commodity	Unit	1973	1972
		Thousands	
All feeds (formula and ingredients)	Tons	2,278	2,030
Fertilizers (including nitrogen)	Tons	646	588
Lime	Tons	652	651
Refined fuels by:			
Agway Petroleum Corp.	Gal.	703,145	623,417
Texas City Refining, Inc. (exclusive of its sales to Agway Petroleum Corp.)	Bbl.	16,987	19,628

Retail supply sales of Agway's affiliated store corporations were $180,261,090 in fiscal 1973, and $150,440,109 in 1972.

Agway also provides a cooperative marketing service for several farm products (table 4). Marketing is conducted through local Agway store corporations, Agway-owned stores, and Agway central marketing facilities listed later in this section.

Table 4—Value of farm products marketed by Agway Inc., and affiliated corporations and marketing subsidiary, fiscal years ended June 30

Commodity	1973	1972
	1,000 dollars	
Eggs [1]	32,420	23,360
Fruits and vegetables:		
Processed and canned [2]	71,209	66,989
Fresh (including potatoes) [3]	10,173	10,618
Grain [4]	9,691	12,101
Beans (dry edible)	2,415	2,590
Tobacco	1,244	1,587
Miscellaneous	9	-------
Subtotal	127,161	117,245
Less intercompany sales not reflected in consolidated statements [5]	10,311	10,994
Total net sales (per annual report)	116,850	106,251

[1] Includes sales by Agway Egg Products Division and Huntington Farm Products.
[2] Includes sales by Curtice-Burns and Taterstate Frozen Foods of products bought on open market in several States and canned soft drinks.
[3] Includes sales by Agway Fruit and Produce Department of Country Foods Division, and sales by Agway store corporations, and owned stores.
[4] Includes sales by Agway store corporation and owned stores.
[5] Consists of sales by Albion Agway Co-op., and sales of grain and fruit by Agway store corporations and Agway-owned stores that were included in the purchasing section of the consolidated statements.

Total net sales of supplies and farm products of Agway Inc. and its consolidated subsidiaries thus were $825,988,844 in fiscal 1973 and $700,978,097 in 1972 (per annual reports).

Net margins of Agway Inc. and its consolidated subsidiaries for the last 2 years are shown in table 5. Of these total net margins (before extraordinary items and income taxes), about 100 percent in both fiscal years was derived from supply (agribusiness and petroleum) operations.

Table 5—Distribution of net margins, after extraordinary items, of Agway Inc. and its consolidated subsidiaries, fiscal years ended June 30 [1]

Distribution of net margins	1973	1972
	Dollars	
Federal income taxes	7,149,000	4,654,000
Cash dividends on capital stock	1,590,800	1,492,433
Patronage refunds in cash	2,728,000	194,000
Minority interests	675,874	510,894
Additions to retained margins (capital reserves)	7,867,987	2,059,167
Total	20,011,661	8,910,494

[1] Includes minority interest and extraordinary items net of Federal income taxes.

Net margins of the Agway store corporations totaled $4,583,028 in fiscal 1973, and $2,251,960 in 1972.

Total net margins of Cooperative GLF Exchange and subsidiaries, Eastern States Farmers Exchange, and Agway Inc. since the organization of each through June 30, 1973, have been $350,319,827. Of this amount, they have paid $43,100,841 in cash dividends on capital stock, $114,528,607 as cash patronage refunds, $4,831,227 in revolving fund certificates, $75,536,178 in Federal income taxes, and added $112,322,974 to the "retained earnings" and capital surplus accounts. The financial position, net worth, and principal facilities of Agway and its subsidiaries are shown in tables 6-8.

Table 6—Condensed balance sheets of Agway Inc. and its consolidated subsidiaries, June 30

Item	1973	1972 (revised)
	1,000 dollars	
Assets:		
Current	229,011	214,083
Fixed (net)	114,771	108,014
Other (investments)	22,836	21,729
Total	366,618	343,826
Liabilities and patrons' equities:		
Current liabilities	98,624	91,312
Subordinated debentures	68,266	64,370
Loans and mortgages payable (noncurrent)	60,487	60,587
Other liabilities	6,236	4,121
Minority interest in consolidated subsidiaries	10,090	9,918
Capital stock, retained margins, and surplus	122,915	113,518
Total	366,618	343,826

Table 7—Net worth or capital of Agway Inc. and its subsidiaries, June 30, 1973

Item	Amount
	1,000 dollars
Capital stock:	
Preferred	23,924
Common	2,777
Capital surplus	1,067
Retained margins	95,147
Total	122,915

On June 30, 1973, Agway Inc. also had $6,214,548 invested in federations of regional cooperatives and service corporations which operated various manufacturing and wholesaling facilities (table 8). The principal ones were CF Industries, Inc., Chicago, Ill.; Pro Fac Cooperative, Inc., Rochester, N.Y.; Universal Cooperatives, Inc., Alliance, Ohio; Cooperative Mills, Inc., Cincinnati, Ohio; and Seneca Foods, Inc., Dundee, N.Y.

On June 30, 1973, Agway and its subsidiaries had 9,907 employees. Of these, 830 were in general administrative and office activities, 3,073 in supply manufacturing and wholesaling (including warehousing and transportation), 4,472 in supply retailing (by owned stores and petroleum plants), and 1,532 in processing and marketing farm products.[3]

[3] The figures for the operating groups performing retailing, wholesaling, and manufacturing services include administrative, accounting, and clerical employees directly applicable to them. They also include employees of Curtice-Burns, Inc., in processing and canning fruits and vegetables, and those of Taterstate Frozen Foods in processing french fries and other potato products.

These figures do *not* include retail employees of Agway store cooperatives, independent cooperatives, and independent dealer representatives who may spend most of their time distributing Agway supplies.

Table 8—Type and capacity of principal facilities owned or leased by Agway Inc. and its subsidiaries, June 30, 1973

Facility	Number of plants or units	Annual operating or storage capacity and unit
Wholesaling, manufacturing, and general:		
Merchandise distribution centers	3	392,400 sq. ft.
Petroleum marine & pipeline terminals	15	2,921,050 bbls. (storage)
Feed mills (dry feeds)	19	2,155,000 tons (2 shifts)
Feed mixing plants—liquid protein supplements (LPS)	2	100,000 tons (2 shifts)
Feed depots (LPS)	14	1,372 tons (storage)
Feed bulk depots (dry feeds)	6	2,600 tons (storage)
Fertilizer mixing plants	10	550,000 tons
Fertilizer bulk blending plants	40	200,000 tons
Nitrogen plant	1	70,000 tons
Seed plants	8	73,000,000 lbs.
Seed plants of subsidiary	3	15,000,000 lbs.
Chemical pesticide plant	1	30,000,000 lbs. (dry) 2,800,000 gals. (liquid)
Automotive & manufacturing centers	5	----------
Home & garden store (wholesale)	1	4,000 sq. ft.
Fabricating plants	3	16,800 sq. ft.
Texas City Refining, Inc.:		
Refinery	1	74,500 bbls. day
Tankers	2	376.319 bbls. (per trip)
Storage terminals	2	310,000 bbls. (storage)
Pipelines	43 mi.	----------
Retailing (exclusive of local store corporations):		
Service stores (Agway-owned)	163	----------
Home and garden stores	9	----------
Local bulk petroleum plants[1]	151	----------
Supply centers	20	----------
Service stations (Rebel Oil Co.)	38	----------
Regional marketing of farm products:		
Egg processing plants	11	2,390,000 cases
Fruit & produce packing plants	6	130.000 tons[2]
Fruit & vegetable processing plants of subsidiaries	13	53,000,000 cases[2]
Bean processing plants	4	200.000 cwt. (storage)
Tobacco warehouses (leased)	2	1,600,000 lbs.
Flour mill	1	75.000 bus. (storage)
Potato processing plant (Taterstate)	1	80,000 000 lbs.
Cherry processing plant	1	3,200 tons
Small animal food plants	2	79.000 sq. ft.[2]
Bird food processing plant	1	34,000 sq. ft.

[1] Operated by Agway Petroleum Corporation—a subsidiary.
[2] For processing and storage.

Farmland Industries, Inc.

Farmland Industries, Inc., with headquarters in Kansas City, Mo., was organized in 1929 as the Union Oil Co. It soon became the Consumers Cooperative Association and operated under this name until September 1, 1966. Farmland Industries is controlled by the local farmers' cooperative associations that constitute its membership. These local associations are, in turn, controlled by their individual farmer members. On August 31, 1973, Farmland had 2,120 local and regional member associations. The local cooperatives are located throughout Colorado, Iowa, Kansas, Missouri, Nebraska, Oklahoma, South Dakota, and Wyoming, and in parts of Arizona, Arkansas, Idaho, Illinois, Kentucky, Minnesota, Montana, New Mexico, North Dakota, Oregon, Texas, Wisconsin, and Utah. These local cooperatives have an estimated 500,000 members. Farmland has management advisory agreements with 65 local member cooperatives.

Membership in Farmland, which is limited to cooperatives, is obtained by acquiring one $25 share of common stock and by agreeing to provisions of the bylaws. Each member association has only one vote.

Farmland has 22 directors elected for staggered terms of 3 years. Twenty-one directors are elected by districts, and one is a director-at-large.

A substantial portion of the petroleum products, fertilizer, feed, and other farm supplies furnished patrons is produced in refineries and plants owned by Farmland Industries or by its subsidiaries. Farmland Industries produces refined fuels and lube oils for members through its wholly owned subsidiary, CRA, Inc. Farmland Industries and CRA control about 44 percent of the crude oil produced by the majority-owned subsidiary, Terra Resources, Inc. Farmland Industries produces fertilizers through its wholly owned subsidiary, Farmers Chemical Company (FCC) and its majority-owned subsidiary, The Cooperative Farm Chemicals Association (CFCA). Farmland Industries is also engaged directly in producing fertilizer, batteries, grease, and paint; processing feed, soybean meal, and oil; and fabricating steel products.

Farmland Foods, Inc., a majority-owned subsidiary of Farmland Industries, is engaged directly in processing and marketing pork products, beef cattle, and turkeys for its members.

Farmland Agriservices, a wholly owned subsidiary of Farmland Industries, operates a turkey breeder farm and hatchery and a demonstration farm and provides the buying function for a substantial portion of the products processed by Farmland Foods.

As a service for its local cooperative member associations, Farmland Industries has three wholly owned subsidiaries: The Cooperative Finance Association, Inc., (CFA), primarily to supplement the sources of credit available to its member associations; Farmland Insurance Agency, Inc., (FIA), to provide property, casualty, and group life insurance to local member cooperatives and to affiliated wholesale and manufacturing cooperatives; and Farmland Life Insurance Company, to provide a full line of life, accident, and health insurance to farmers and ranchers.

Supply and marketing sales of Farmland Industries and its subsidiaries in fiscal 1973 and 1972 are shown in table 9.

Sales in fiscal 1973 included 1.3 million tons of feed, 2.7 million tons of fertilizer, and

Table 9—Farm and home supply sales and volume of farm products marketed by Farmland and its consolidated subsidiaries, fiscal years ended August 31

Commodity	1973	1972
	1,000	*dollars*
Farm supply sales:		
Petroleum products and byproducts	237,458	208,322
Fertilizer	201,536	155,962
Feed	167,712	121,365
General farm and home supplies, equipment, and services [1]	64,957	52,148
Total	671,663	537,797
Food marketing sales:		
Beef, pork, and poultry	249,547	214,768
Net total sales	921,210	752,565

[1] Includes building materials, farm and home equipment, plant equipment, hardware, paint, general supplies, and services.

1.4 billion gallons of refined fuels. Sales in fiscal 1972 included 1.3 million tons of feed, 2.3 million tons of fertilizer, and 1.3 billion gallons of refined fuels.

1973, Farmland and its subsidiaries produced 61.5 percent of the petroleum products, 45.2 percent of the fertilizer, 48.8 percent of the feed, and 11.4 percent of the other farm supplies provided to patrons.

In the past decade, Farmland has become increasingly active in cooperative marketing. In June 1970, all food processing and marketing activities were transferred to a 99.7-percent-owned cooperative subsidiary, Farmland Foods, Inc. It took over the operations of Farmbest, Inc., Denison, Iowa, and Producers Packing Co., Garden City, Kans.—separate cooperatives sponsored by Farmland. Farmland Foods operates a beef packing plant at Garden City, Kans., two hog slaughtering plants at Denison, Iowa, and Iowa Falls, Iowa, a pork canning plant at Carroll, Iowa, and a turkey processing plant at Cheraw, Colo. In October 1973, Farmland Foods acquired a wholly owned subsidiary, Intercontinental Foods Industries, Inc. Intercontinental Foods operates a plant in Chicago that is completely automated for production of precooked foods, frozen or ready-to-eat. Products of this plant are sold to institutional customers such as airlines, schools, hospitals, and nursing homes at retail under Intercontinental Foods' brand name.

A companion corporation, Farmland Agriservices, Inc., a wholly owned subsidiary of Farmland Industries, provides a purchasing service of cattle, hogs, and turkeys for Farmland Foods, Inc.; a turkey breeder farm, a hatchery, and a farm with facilities for raising turkeys; a research farm in Wyandotte County, Kansas, to test Farmland Industries' products and for livestock experimentation; and four boar testing stations at Ida Grove, Eagle Grove, and Lisbon, Iowa, and Clarkson, Nebr., to help farmers select the kind of breeding stock necessary to produce meat-type hogs at the lowest possible feed cost.

Marketing volume of Farmland in the last 2 years in shown in table 10.

Table 10—Farm products marketed by Farmland and its subsidiaries, fiscal years ended August 31

Commodity	1973	1972
	1,000 dollars	
Beef	79,958	81,271
Pork	165,517	130,756
Poultry	4,072	2,741
Total	249,547	214,768

Net margins of Farmland and its consolidated subsidiaries were $31.2 million in fiscal 1973 and $19.8 million in 1972 (table 11). Farm supplies contributed $30.8 million to net margins in fiscal year 1973 and $18.8 million in fiscal year 1972. Net margins from food marketing operations were $0.4 million and $1.0 million in 1973 and 1972, respectively.

Table 11—Total net margins of Farmland and its consolidated subsidiaries, fiscal years ended August 31

Distribution of net margins	1973	1972
	1,000 dollars	
Federal income taxes	1,196	986
Cash dividends on stock	708	775
Patronage refunds paid in:		
Cash or equivalent	13,571	7,731
Common stock	12,991	7,076
Nonmember capital and revolving capital	520	724
Addition to surplus	2,252	2,504
Total	31,238	19,796

Farmland developed an Ownership Retirement Plan that became effective in September 1972. Under the program, Farmland will participate on a pro rata basis with the locals in retiring equities of deceased and retired members. Farmland's share of the total cash paid by the local cooperative during the year to estates and retired members is the percentage of the local's investment in Farmland's common and third preferred stocks to the local's total members' equity. During 1973, Farmland paid $290,000 to 80 local cooperatives under the Ownership Retirement Plan. Farmland made additional cash payments of $2,126,000 to call preferred stock originally issued to member cooperatives as part of the patronage refunds in 1960 and 1961, $12,000 to redeem patrons' equity reserves issued

before 1947, and $230,000 to liquidating and merging cooperatives. All of Farmland's revolving capital certificates have been redeemed, and patrons' equity reserve credits can be paid whenever voted by the board of directors.

Total cash returned to patrons, excluding interest and dividends, totaled $16.2 million in 1973 and $8.1 million in 1972.

Net margins of Farmland and its consolidated subsidiaries from organization in 1929 through August 31, 1973, totaled $332,665,000. These margins were distributed as follows: $27,552,000 for income taxes; $123,711,000 for cash payments of patronage refunds and dividends on capital stock; $148,169,000 for patrons' investment in capital stock and allocated reserves; and $33,233,000 to general surplus.

The financial position and net worth items of Farmland and its consolidated subsidiaries are shown in tables 12 and 13.

Table 12—Condensed balance sheet of Farmland and its consolidated subsidiaries, August 31

Item	1973	1972
	1,000 dollars	
Assets:		
Current	147,004	120,221
Fixed (net)	251,037	231,667
Other	63,474	66,980
Total	461,515	418,868
Liabilities and net worth:		
Current liabilities	108,527	85,167
Long-term notes payable	60,323	71,379
Certificates of indebtedness [1]	8,535	9,844
Certificates of investment [2]	106,053	94,722
Monthly interest certificates	13,399	5,714
Minority interest in subsidiaries	11,451	10,919
Capital shares & equities	153,227	141,123
Total	461,515	418,868

[1] Interest rates vary from 5½ to 7 percent. Most mature in 1979-96, some in 1974, 1975 and 1978.
[2] Interest rates vary from 7 to 10 percent. All will mature in 1979-96 except $346,000 that matured in 1974.

Farmland and its consolidated subsidiaries had $11.1 million invested in other federations of regional cooperatives that owned various manufacturing and wholesale facilities on August 31, 1973. (These investments are included in "other assets" in the consolidated balance sheet).

Farmland and its consolidated subsidiaries had about 5,400 employees on August 31, 1973. These consisted of 2,166 employees engaged in general administrative activities; 618 in oil production and refining; 1,641 in manufacturing and wholesale distribution, including warehousing and transportation; and 975 in processing and marketing farm products.

Table 13—Net worth (capital shares and equities) of Farmland and its consolidated subsidiaries, August 31, 1973

Item	Amount
	1,000 dollars
Preferred stock	17,918
Common stock	84,201
Capital stock credits	6
Nonmember capital equities	703
Patrons' equity reserves	3,277
Patronage refunds for reinvestment (1973)	13,147
Surplus—earned	33,975
Total	153,227

The type and capacities of principal facilities owned by Farmland and subsidiaries at the end of fiscal 1973 are shown in table 14.

FS Services, Inc.

FS Services, Inc., with headquarters in Bloomington, Ill., was organized in 1927 as the Illinois Farm Supply Company, Chicago. On August 31, 1962, it merged with the Farm Bureau Service Company of Iowa, Des Moines, to become FS Services, Inc. On August 1, 1965, Producers Seed Company, Piper City, Ill., became part of FS Services, Inc., and on September 1, 1965, the Wisconsin Farmco Service Cooperative, Madison, also merged with FS Services.

On August 31, 1973, FS Services was providing manufacturing and wholesale farm supply services for 135 member companies in Illinois, Iowa, and Wisconsin. Most of these associations, with 2,000 outlets, operated over multi-countywide areas. They served about 366,000 patrons—most of them farmers.

The FS member companies handle petroleum, feed, plant food, seed, farm chemicals, and general farm supplies. Each is required to own one share of FS common stock—no-par value. All have membership agreements with FS Services.

Table 14—Type and capacity of principal facilities owned by Farmland and its subsidiaries, August 31, 1973

Facility	Number of plants or units	Annual operating or storage capacity and units
Farm and home supplies:		
Petroleum refining and transportation:		
Refineries	3	21,900,000 bbls.
Gas plants	4	26,736,000,000 cu. ft.
Pipelines		873 miles
Fertilizer production:		
Nitrogen fertilizer plants	4	1,953,600 tons
Ammonium phosphate plants	2	1,041,370 tons
Chemical dry mixing plants	18	270,000 tons
Liquid mixing plants	2	36,000 tons
Feed mills	17	780,000 tons
Battery plant	1	184,000 units
Grease plant	1	20,900,000 lbs.
Paint plant	1	1,500,000 gals.
Steel fabricating plant	1	----------
Printing plant	1	----------
Distribution:		
Warehouses	13	692,360 sq. ft.
Terminals—ammonia	1	30,000 tons (storage)
Educational building	1	----------
Research:		
Laboratory	1	----------
Research farms	1	----------
Swine testing stations	4	----------
Marketing farm products:		
Hog processing plants	2	1,976,000 head
Pork canning plant	1	31,800,000 lbs.
Beef packing plant	1	260,000 head
Turkey processing plant	1	22,620,000 lbs.

These companies also own the class "A" and "C" preferred stock of FS Services which constitutes 90 percent of the value of all its outstanding preferred stock. The balance of the preferred stock consists of class "B" which is owned by the Illinois, Iowa, and Wisconsin State Farm Bureaus.

These three classes of preferred stock each carry voting rights. FS Services also has prior preferred stock (nonvoting) that is owned by individuals.

FS Services, Inc., and the local county cooperative companies operate on a federated basis. These member companies elect 13 of FS Services' directors by districts for 2-year terms. In addition, one director of the Illinois Agricultural Association (the State Farm Bureau Organization), one director of the Iowa Farm Bureau Federation, and one director of the Wisconsin Farm Bureau Federation are elected to the board for 2-year terms.

Only patrons who are members of the Farm Bureau share in the local cooperatives' patronage refunds. FS Services holds some voting stock in most of its member companies in Illinois, but none in those in Iowa and Wisconsin.

FS Services has a wholly owned subsidiary —FS Development—which leases assets to FS Services and its member companies. It also has a majority-owned subsidiary—FS Farmco—which is a financing and leasing cooperative.

FS Services' volume for the last 2 years is shown in table 15.

Sales in fiscal 1973 included 292,431 tons of feed, 1,221,539 tons of fertilizer, and 401,869,000 gallons of refined fuels compared with 292,654 tons of feed, 1,107,031 tons of fertilizer, and 395,061,000 gallons of refined fuels in 1972.

FS Services operates a contract layer program but does not market eggs. Also, it supplies management services for Illinois Grain

Table 15—Wholesale value of supplies sold by FS Services, Inc., and its subsidiaries, fiscal years ended August 31

Commodity	1973	1972
	1,000 dollars	
Feed (mixed, ingred., specialty)	55,957	38,187
Seed	12,542	9,984
Fertilizer	69,814	58,319
Petroleum products (fuels & lubes)	70,302	61,917
Tires, tubes, & accessories	2,381	2,583
Farm automation equipment	17,641	14,086
Paint, plant equipment, misc. consumer prod.	2,472	2,074
Farm chemicals	37,616	29,026
Animal health supplies	809	846
Total	269,534	217,022

Corporation, Bloomington, Ill.—a regional marketing cooperative.

Net margins of FS Services and subsidiaries and their distribution for the last 2 years are shown in table 16.

Table 16—Distribution of net margins by FS Services and its subsidiaries, fiscal years ended August 31

Distribution	1973	1972
	Dollars	
Federal income taxes	1,753,000	1,650,000
Cash dividends on preferred stock	958,152	908,030
Patronage refunds paid in:		
Cash	10,322,275	8,221,423
Preferred stock	2,580,600	2,055,400
Additions to retained earnings	872,911	710,971
Total	16,486,938	13,545,824

Total net margins of FS Services, Inc., and its predecessors, (Illinois Farm Supply Company and Farm Bureau Service Company of Iowa, Wisconsin Farmco Service Cooperative, and Producers Seed Company) and their subsidiaries since each have been organized through 1973 have amounted to $207,294,845. From this amount, they have paid $13,759,157 as dividends on capital stock; $124,913,889 as cash patronage refunds; and $29,929,279 as patronage refunds in capital stock; and retained $13,452,648 as surplus. Net income after patronage refunds paid was $52,451,677 and Federal income taxes amounted to $25,239,872. They have never operated on a revolving capital basis. Instead a high percent (80 percent) of the patronage refunds historically has been paid in cash. However, $333,690 of preferred stock was retired in fiscal 1973 and $311,900 was retired in 1972.

The financial condition, net worth items, and principal facilities of FS Services, Inc., and subsidiaries are shown in tables 17-19.

Table 17—Condensed balance sheet of FS Services, Inc., and its subsidiaries, fiscal years ended August 31

Item	1973	1972
	1,000 dollars	
Assets:		
Current	43,573	38,025
Fixed (net)	8,278	8,599
Other	26,004	23,561
Total	77,855	70,185
Liabilities and net worth:		
Current liabilities	28,687	21,591
Other liabilities [1]	2,017	4,563
Shareholders' equity	47,151	44,031
Total	77,855	70,185

[1] Consists of subordinated debentures, paying 5 percent, with varying amounts due in 1974, 1984, and 1989.

Table 18—Shareholders' equity (net worth) of FS Services and its subsidiaries, August 31, 1973

Item	Amount
	Dollars
Preferred stock:	
Prior preferred—$100 par value	1,683,335
Class A—$100 par value	7,352,000
Class B—$0.25 par value	68,750
Class C—$100 par value:	
Outstanding	21,654,500
To be issued (from patronage refunds)	2,580,600
Common stock—no par or stated value; 166 shares	-------
Retained earnings:	
Allocated to members (letters of advice)	1,100,000
Unallocated surplus	12,711,760
Total	47,150,945

FS Services, Inc., had $25,164,243 invested in federations of regional cooperatives and allied companies which operated various refining, producing, manufacturing, and wholesaling facilities at the end of fiscal 1973.

FS Services and its subsidiaries had 1,254 employees on August 31, 1973. Of these, 514 were in general and administrative activities, and 740 were in supply manufacturing, processing, and wholesale distribution, including transportation and warehousing.

Table 19—Type and capacity of principal facilities owned and leased by FS Services, Inc., August 31, 1973

Facilities	Number of plants or units	Annual operating or storage capacity and unit
Warehouses	5	181,000 sq. ft.
Feed mills	6	340,000 tons
Marine and pipeline terminal bulk petroleum plants	4	[1] 747,000 bbls.
Plant food plants	1	80,000 tons
Seed plants	4	--------
Research farm	1	--------
Contract egg program		100,000 layers

[1] Storage capacity.

Farmers Union Central Exchange, Inc.

Farmers Union Central Exchange, Inc., whose market identifier is CENEX, was organized in 1931. Headquarters are in South St. Paul, Minn.

On December 31, 1972, it was serving 567 local member associations with about 315,000 individuals as members—about 85 percent of them farmers, and 590 nonmember associations.

CENEX serves cooperatives in Wisconsin, Minnesota, North Dakota, South Dakota, Montana, Idaho, Washington, Wyoming, Nebraska, and Oregon.

The cooperative purchased the net assets and businesses of Grange Cooperative Wholesale, Spokane, Wash., on April 1, 1971, and those of Northern Cooperatives, Inc., Wadena, Minn., on December 31, 1971.

A local farmer cooperative may become a member of CENEX by acquiring one $25 share of common stock and agreeing to comply with its bylaws. Each member cooperative has voting power equal to the number of its registered producer members.

CENEX has 11 directors elected by districts for staggered terms of 3 years.

CENEX is independent of the various State Farmers Union and Grange membership organizations in the area it serves. It does, however, annually prorate 5 percent of its cash net savings, before any distribution to patrons, among these State organizations to promote and organize cooperatives.

CENE– has one wholly owned subsidiary, Cenex, Inc., which was formed in 1965 to operate an ammonia plant at Pine Bend, Minn., and a fertilizer mixing plant at Winona, Minn.

CENEX also has a half interest in the Farmers Union Publishing Company and Senex Service Co., both of South St. Paul, Minn.; one-third interest in the Green Bay (Wis.) Terminal Corporation, and a minority interest in the Farmers Union Cooperative Credit Association, South St. Paul, Minn.

Cenex Pipeline Company, a subsidiary formed in 1962 to own and operate a products pipeline from Glendive, Mont., to Minot, N. Dak., and lease a pipeline from Laurel to Glendive, Mont., was merged into the company on January 1, 1971.

Sales and net margins of CENEX for the last 2 years are shown in tables 20 and 21.

Table 20—Sales of supplies, almost all at wholesale, by CENEX and its subsidiary, years ended December 31[1]

Commodity	1972	1971
	1,000	*dollars*
Feed	13,770	10,956
Seed	4,211	3,737
Fertilizer	45,156	37,683
Petroleum products	96,339	88,737
Tires, batteries, and accessories	21,417	20,257
Agricultural chemicals	14,043	12,714
LP gas and oil equipment (station and parts)	9,657	7,502
Hardware, paint, twine, and appliances	19,284	16,480
Farm machinery and parts	5,039	3,912
Transportation	2,373	436
Retail & miscellaneous	861	780
Total	232,150	203,194

[1] Sales were $300.2 million in 1973.

Sales in 1972 included 612 million gallons of gas and burner fuels, 171,360 tons of feed, and 711,312 tons of fertilizer.

In addition to paying patronage refunds in capital stock, CENEX made quarterly price adjustments in cash on purchases of certain light petroleum products by local cooperatives. These price adjustments totaled $2,366,-631 in 1972 and $2,223,023 in 1971.

CENEX also made cash retirements of capital stock, originally issued in payment of patronage refunds, amounting to $3,569,235 in 1972 and $3,301,665 in 1971.

Table 21—Source and distribution of net savings available to patrons by CENEX and its subsidiary, years ended December 31 [1]

Item	1972	1971
	1,000	*dollars*
Source:		
Wholesale operations	4,339	2,581
Crude oil operations	4,426	4,100
Refinery operations	1,287	322
Dividends and patronage refunds from other cooperatives	4,570	4,762
Total	14,622	11,765
Distribution:		
Patronage refunds in cash	2,771	2,255
Patronage refunds in patron equities (mostly preferred stock)	11,084	9,024
Additions to unallocated capital reserves	767	486
Total	14,622	11,765

[1] Net savings were $21,382,000 in 1973.

The percentage of stock retired each year is determined by the board of directors. In 1972, it retired 10 percent of the balance of 1971 patronage refund stock plus 3 percent of all remaining revolving stock. In 1971, 10 percent of the balance of 1970 stock plus 3 percent of all remaining revolving stock was redeemed.

Since its organization in 1931, total net savings of CENEX have been $206.4 million. Of this amount, it paid $691,831 as interest, $18,090,297 in cash patronage dividends, and $65,333,228 as capital stock retirements for a total of $84,115,356 in cash. The balance of $119.9 million was distributed as patronage refunds issued in capital and as capital reserves.

In addition, $41.2 million of price adjustments were paid in cash. The total amount of cash returned to local cooperatives as of December 31, 1972, was $125.4 million.

The condensed financial statement, net worth, and type and capacity of principal facilities of CENEX are shown in tables 22-24.

CENEX had $23.4 million invested at the end of 1972 in regional cooperatives that operated manufacturing and wholesaling facilities. The principal investments were in National Cooperative Refinery Association, McPherson, Kans.; CF Industries, Inc., Chicago, Ill.; and Universal Cooperatives, Inc., Alliance, Ohio.

On December 31, 1972, CENEX and its subsidiaries had 1,617 employees. Of these, 731 were engaged in general and administrative activities, 807 in wholesale distribution, manufacturing, and processing operations, and 79 in retail distribution.

Table 22—Condensed balance sheet of CENEX and its subsidiary, years ended December 31

Item	1972	1971
	1,000	*dollars*
Assets:		
Current	76,383	71,398
Fixed (net)	54,239	51,385
Other (mostly crude oil properties)	4,985	5,441
Investments (principally in cooperatives)	23,452	22,117
Total [1]	159,059	150,341
Liabilities and net worth:		
Current liabilities	37,120	36,768
Noncurrent liabilities	3,589	3,630
Net worth (capital and reserves) [1]	118,350	109,943
Total	159,059	150,341

[1] Assets were $189.3 million and net worth was $131.4 million on December 31, 1973.

Table 23—Net worth of CENEX, December 31, 1972 [1]

Item	Amount
	1,000 dollars
Common stock—$25 par value	14
Preferred stock—$25 par value	87,305
Capital stock credits	99
Allocated capital reserve	17,724
Patronage refunds for reinvestment	11,153
Unallocated capital reserve	2,055
Total	118,350

[1] All common and preferred capital stock represents reinvested patronage refunds. No stock or other securities have been sold to member associations or others.

Table 24—Type and capacity of principal facilities owned by CENEX and its subsidiary, December 31, 1972

Facility	Number of plants or units	Annual operating or storage capacity and unit
Wholesale warehouses	11	691,680 sq. ft.
Oil blending plant	1	6,000,000 gals.
Bulk fertilizer blending plants	33	151,800 tons
Refinery	1	35,000 bbls./day
Pipeline terminal (storage)	3	627,998 gals.
Petroleum pipeline (miles)	450	14,000 bbls./day
LP gas plants (storage)	24	1,250,000 gals.
Seed plants	8	25,000,000 lbs.
Feed plants	3	75,000 tons

Southern States Cooperative, Inc.

Southern States Cooperative, Inc., (SSC), Richmond, Va., was organized on July 21, 1923, as the Virginia Seed Service. The present name was adopted in 1933.

At the end of its 1973 fiscal year, SSC was furnishing supplies through local cooperatives, service agencies, and retail branches to about 243,000 members in Virginia, West Virginia, Kentucky, Maryland, and Delaware. About 100 percent of its members are farmers. SSC outlets also serve a number of nonfarmer patrons.

SSC is a combination centralized-federated cooperative with both cooperatives and farmers directly holding membership stock in it, but in practice it operates on a federated basis. Either a farmer-patron or an agricultural cooperative becomes a member by acquiring one or more shares of $1 par value common stock, which may be issued in payment of patronage refunds, and by agreeing to provisions of the bylaws. Each member has only one vote.

SSC had 79,172 direct farmer-members on June 30, 1973. They were located in areas served by independent dealer-agents and retail branches of SSC. Also, SSC had 150 local and regional cooperative members on this date.

Members served by each dealer-agent and SSC retail branch elect an advisory board of six members to vote for and represent the group in all matters at the annual meeting of SSC, as directors of local member cooperatives do.

SSC has 15 directors of which 10 are elected by districts for staggered terms of 3 years. The other five are public directors appointed for 3-year terms on a staggered basis, one each by the director of Extension Service of the land grant university in each of the five States in which SSC operates. SSC's retail distribution system is shown in table 25.

Local affiliated cooperatives with management contracts are separately incorporated associations. Their boards of directors employ SSC to perform certain management, accounting, auditing, and financial services on a fee basis. Through these farm supply and petroleum cooperatives, SSC distributes about 40 percent of its wholesale supply volume. Associations without management contracts are independent cooperatives that use the association as a wholesale source of supplies.

Table 25—Type and number of retail outlets providing SSC supplies and services, fiscal 1973

Retail outlet	Number
Local affiliated cooperatives:	
Farm supply cooperatives with management contracts	114
Farm supply cooperatives without management contracts	26
Petroleum cooperatives with management contracts	10
Service agencies (independently owned)—farm supplies and petroleum	253
Farm supply retail SSC branches	51
Petroleum retail SSC branches	22
Total	476

Service agencies are retail farm supply dealers who have been awarded the SSC franchise upon recommendation of the local membership. Under the terms of this franchise, dealers handle the supplies under conditions agreed upon. About 45 percent of SSC's wholesale volume is distributed through these agencies.

SSC also has a management agreement with a regional affiliated company—Cooperative Mills, Inc., Cincinnati, Ohio—that manufactures feed. It also has minority interests in Texas City Refining, Inc., for petroleum supplies and in Farmers Chemical Association, Harrison, Tenn., for its nitrogen needs.

Gross and net sales of Southern States Cooperative in the last 2 years were as follows:

Type	1973	1972
	1,000 dollars	
Wholesale sales of supplies	157,332	132,783
Retail sales by SSC branches	48,659	41,944
Farm products marketed	4,921	4,481
Total gross volume	210,913	179,208
Less intracompany transfers and feed manufactured by Co-op Mills (Ohio) for other cooperatives	30,599	26,550
Net sales (per annual report)	180,314	152,658

The principal types of supplies sold at wholesale are shown in table 26.

Table 26—Wholesale value of supplies distributed by SSC, fiscal years ended June 30 [1]

Commodity	1973	1972
	1,000 dollars	
Feed	49,994	40,806
Fertilizer	30,083	26,974
Seed	12,629	9,654
Petroleum products and equipment	22,650	19,329
Tires, batteries, and auto accessories	4,688	4,964
Farm equipment and tools	10,072	8,211
Hardware and steel products	12,310	10,759
Paint and asphalt	2,071	1,899
Insecticides, sprays, and chemicals	10,088	7,850
Electrical equipment and appliances	2,747	2,337
Total	157,332	132,783

[1] Hatchery sales are reported with eggs.

Total wholesale volume in fiscal 1973, included 479,242 tons of feed, 550,250 tons of fertilizer, and 159,872,516 gallons of refined fuels. Volumes for fiscal 1972 were 447,020 tons of feed, 517,233 tons of fertilizer, and 140,259,560 gallons of refined fuels.

In addition, SSC had retail sales of supplies and petroleum through its own retail branches totaling $48,659,239 in fiscal 1973, and $41,944,846 in fiscal 1972.

Retail sales of supplies by farm supply and petroleum cooperatives managed by SSC amounted to $104,355,774 in fiscal 1973 and $88,392,139 in fiscal 1972.

SSC also directly markets eggs for members. Sales totaled $4,921,000 in fiscal 1973 and $4,481,000 in 1972.

Grain marketing services are provided by a separate affiliated company—Southern States Grain Marketing Cooperative, Inc.—which is under management services of SSC. It has five terminal grain elevator facilities. Its sales of grain totaled $24,518,039 in fiscal 1973 and $18,507,807 in fiscal 1972.

Total net margins available to patrons of SSC and their distribution in fiscal years 1973 and 1972 are shown in table 27.

Almost all net margins in both years were derived from supply operations.

Total net margins of the retail farm supply and petroleum cooperatives managed by SSC were $4,477,926 in fiscal 1973, and $2,958,599 in fiscal 1972.

For many years, SSC's policy has been to retire upon request, at par value, the voting stock issued originally in payment of patronage refunds 10 years previously. For fiscal year ended June 30, 1973, the amount redeemed was $130,505. For the year ended June 30, 1972, redemptions totaled $139,674.

Other common stock redeemed amounted to $209,930 in fiscal 1973 and $216,485 in fiscal 1972. Redemption of preferred stock totaled $357,600 in 1973 and $635,900 in 1972. Redemption of capital book equities amounted to $3,647 in fiscal 1973 and $5,232 in 1972.

Table 27—Distribution of net margins of SSC, before income taxes, fiscal years ended June 30

Distribution	1973	1972 (restated)
	Dollars	
Provisions for income taxes	1,623,998	1,195,504
Cash dividends on capital stock	1,709,917	1,665,694
Patronage refunds in cash	1,128,654	1,031,234
Patronage refunds in common stock and member equities	0	1,199,849
Patronage refund payable in debentures	2,622,096	0
Additions or adjustments to operating capital reserves	1,755,289	1,697,472
Total	8,839,954	6,789,753

Total net margins available to patrons of SSC, its subsidiary, and its affiliated retail system since organizing in 1923 through June 30, 1973, have been $150,407,472. Of this amount, $38,475,966 was paid as cash dividends on capital stock, $35,137,524 as patronage refunds in cash, and $52,156,776 in capital stock, capital book equities, and debentures. It retained the remaining $24,637,206 for capital as general reserves.

The total amount of capital stock retired under its revolving capital plan since organizing has been $20,573,097.

The financial condition, net worth items, and facilities of SSC and its subsidiaries are shown in table 28-30.

On June 30, 1973, SSC had $10,776,618 invested in federations of regional cooperatives plus $2,610,404 in allied companies operating various manufacturing and wholesaling facilities. These investments are included in "other assets" in SSC's balance sheet and are reported on the equity method of accounting.

Table 28—Condensed balance sheets of SSC on June 30

Item	1973	1972 (restated)
	1,000 dollars	
Assets:		
Current	61,477	55,485
Fixed (net)	23,267	22,264
Other	20,842	18,948
Total	105,586	96,697
Liabilities and net worth:		
Current liabilities	23,318	15,359
Deferred liabilities:		
Debentures [1]	19,165	19,019
Others	22,064	20,178
Net worth or members' and patrons' equities	41,039	42,141
Total	105,586	96,697

[1] Bearing interest ranging from 4½ to 7 percent per year.

Table 29—Net worth or members' and stockholders' equities of SSC on June 30, 1973

Item	Amount
	1,000 dollars
Preferred capital stock [1]	11,814
Common capital stock [1]	16,699
Capital book equities	1,174
Appropriated capital reserves:	
For operating capital	17,701
For equity in undistributed losses of associated companies	(6,349)
Total	41,039

[1] Most bears 6 percent dividends per year. About 58 percent of the common and preferred capital stock represented retained patronage refunds and the remaining 42 percent had been sold to members and others.

Table 30—Types and capacity of main facilities owned by SSC and its subsidiary, June 30, 1973

Facility	Number of plants or units	Annual operating or storage capacity and unit
Wholesaling and manufacturing:		
Feed mills	5	750,000 tons
Fertilizer plants	6	425,000 tons
Seed cleaning plants	9	34,000,000 lbs.
Petroleum terminals (storage)	2	787,500 bbls.
Wholesale farm supply warehouses	8	645,800 sq. ft.
Retailing:		
SSC branch stores	51	--------
SSC branch petroleum plants	22	--------
Marketing:		
Egg service plants	2	400,000 cases

On this date, SSC and its subsidiary had 1,979 employees. Of these, 597 were engaged in general administrative activities, 713 in supply-manufacturing and wholesaling, including warehousing and transportation, 578 in retail distribution, and 91 in marketing farm products. These figures do not include employees of SSC affiliated service stores and petroleum cooperatives.

Land O'Lakes, Inc.

Land O'Lakes, Inc., (LOL) with headquarters in Minneapolis, Minn., was organized in 1921. It serves farmers in Minnesota, Wisconsin, North Dakota, South Dakota, Nebraska, Iowa, and northwestern Illinois. Land O'Lakes is a federated-centralized organization owned, at the end of 1972, by 898 local member dairy marketing or supply associations, and 18,250 individual farmer-members. The local associations' members number more than 170,000 of whom almost 95 percent are farmers. Land O'Lakes also provides supplies through 69 private agent-buyers and 9 Land O'Lakes-owned retail branch outlets.

A number of dairy cooperatives have merged with Land O'Lakes in recent years, and on April 1, 1970, Farmers Regional Cooperative, Ft. Dodge, Iowa—a large regional supply association—and Land O'Lakes Creameries merged to become Land O'Lakes, Inc.[4] On January 1, 1973, Fox Cooperative, Inc., Appleton, Wis., became a part of Land O'Lakes.

Class A common stock with a par value of $1,000 a share may be held only by cooperatives who have been given membership by authority of the board of directors. Each holder of class A stock has one vote plus additional votes based on its dollar values of business with Land O'Lakes.

Class B common stock with a par value of $1 a share, is issued to and held by individual producers of agricultural products. Each holder has one vote.

[4] Farmers Regional Cooperative (FRC) was formed on October 1, 1965, as a result of the merger of Farmers Elevator Service Co., (Felco), Ft. Dodge, Iowa (organized in 1926) and Farmers Union State Exchange, Omaha, Nebr., (organized in 1914). Then on October 1, 1967, the Big 4 Soybean Processing Association, Sheldon, Iowa, merged into FRC.

Land O'Lakes has several partially and wholly owned subsidiaries engaged in marketing and supply operations. Those pertaining to farm supply operations, service, and credit at the end of 1971 were Statex Finance Co., and Imperial, Inc. During 1971 it sold Fel-tex, Inc.—an unconsolidated, wholly owned subsidiary that operated a nitrogen plant at Fremont, Nebr.

Land O'Lakes has joined with other regional cooperatives to invest in production and purchasing organizations. Principal investments were in CF Industries, Chicago, Ill., for fertilizer products; National Cooperative Refinery Association, McPherson, Kans., for refined fuels; and Universal Cooperatives, Alliance, Ohio, for tires, batteries, and other merchandise.

Bylaws adopted February 3, 1972, provide for 36 "district directors"—2 directors from each of 18 districts—elected for 3-year staggered terms. An elected director may not serve more than five consecutive terms, or be elected into directorship after the age of 65.

The bylaws also authorized 18 district associations whose purposes are, among others, to provide a communications forum between Land O'Lakes and its members, and to nominate candidates and alternate candidates for the board of directors.

In addition, the board may appoint annually two "advisory" directors, who are not members of the association, for terms of 1 year. At the end of 1972, LOL had two advisory members and one other director designated as the Fox representative.

Land O'Lakes had total sales of $748.4 million in 1972 and $721.7 million in 1971.[5] The association is a major marketer of dairy products, turkeys, eggs, and soybeans and soybean products. Total sales of these products through various divisions amounted to $594.8 million in 1972 and $583.0 million in 1971. The Agricultural Services Division sold feed, seed, fertilizer, petroleum, and other related farm supplies totaling $153.6 million in 1972 and $138.7 million in 1971. (It also marketed soybean oil and meal mentioned above.)

The Equipment Sales Division sold dairy plant equipment for many years but was discontinued in 1971.

The principal types of supplies and equipment sold in 1972 and 1971 are shown in table 31.

Table 31—Value of farm production supplies, poults, and equipment distributed at wholesale by Land O'Lakes and its subsidiaries, years ended December 31

Commodity	1972	1971
	1,000 dollars	
Feed and feed grains	78,099	65,276
Fertilizer	29,599	27,453
Seed	4,428	4,180
Petroleum products	15,514	13,807
Pesticides	19,548	21,996
General farm supplies & equipment	4,775	4,865
Poults	1,583	1,058
Total (exclusive of soybean products)	153,546	138,635

These sales in 1972 included 637,000 tons of feed, 532,000 tons of fertilizer, and 70,585,000 gallons of refined fuels.

Retail sales of supplies and equipment by Land O'Lakes' branch outlets totaled $3,855,000 in 1972 and $2,884,000 in 1971.

Total net margins, after taxes, from all LOL activities were about $12.7 million in 1972 and $14.7 in 1971. Their distribution is shown in table 32.

Table 32—Distribution of net margins, before income taxes, of Land O'Lakes and consolidated subsidiaries, years ended December 31 [1]

Item	1972	1971
	1,000 dollars	
Patronage refunds payable in cash	2,316	2,683
Patronage refunds payable in equity reserves	9,265	10,730
Cash dividends on preferred stock	0	82
Income taxes	890	680
Retained in surplus	240	490
Total	12,711	14,665

[1] Net margins in 1973 amounted to $14,573,000.

In 1972, Land O'Lakes paid out $2,312,273 to retire 50 percent of the original 1961 series of its patronage equities. In addition, patrons and members of cooperatives that

[5] Sales in 1973 totaled $935.3 million.

became part of Land O'Lakes, Inc., received $1,322,764 in accordance with the various merger or consolidating agreements. Current patronage refunds, along with other cash redemptions, totaled $2,716,000. This brought the total cash payments of all types to $6,351,000 in 1972.

In 1971, it paid $3,145,000 on the remaining 90 percent of the 1960 series of its patronage equities. In addition, $2,051,000 was paid to members and patrons of merged cooperatives, according to their merger agreements. Current patronage refunds and other cash redemptions totaled $2,952,000. Also the total outstanding preferred stock of $1,426,000 was also redeemed. This brought total cash payments of all types to $9,574,000 in 1971.

The financial condition, net worth items, and principal production supply facilities of the association are shown in tables 33-35.

Table 33—Condensed balance sheet of Land O'Lakes, years ended December 31

Item	1972	1971
	1,000 dollars	
Assets:		
Current	129,514	114,330
Fixed (net)	49,284	50,639
Other	20,682	19,689
Total [1]	199,480	184,658
Liabilities:		
Current	83,328	71,609
Long-term [2]	15,186	17,361
Members' and patrons' equity [1]	100,966	95,688
Total	199,480	184,658

[1] Assets were $238.2 million and members' and patrons' equity was $106.9 million on December 31, 1973.
[2] Includes investment certificates maturing from 1973-82 and totaling $2,324,000 in 1972 and $2,905,000 in 1971.

Table 34—Members' and patrons' equities of Land O'Lakes, December 31, 1972 [1]

Item	Amount
	1,000 dollars
Common stock:	
Class A—$1,000 par value	898
Class B—$1 par value	18
Equity reserves	96,732
Surplus and other reserves	3,318
Total	100,966

[1] All outstanding preferred stock was retired in 1971. Also, $3,673,000 of certificates of participation were converted to equity reserve accounts.

Table 35—Number of principal farm supply production facilities owned by Land O'Lakes, December 31, 1972

Facility	Number of plants or units
Feed mills	8
Soybean plants	2
Supply warehouses	10
Alfalfa dehydrating plants	3
Experimental farms	3

In addition to its own fixed assets, Land O'Lakes, on December 31, 1972, had investments of $15.6 million in federations of regional and national cooperatives which manufactured or wholesaled farm production supplies.

On December 31, 1972, Land O'Lakes had 5,786 employees; 847 were within the Agricultural Services Division. In total, 1,407 were in general and administrative activities; 3,665 were in farm supply manufacturing and wholesaling; 489 were in processing and marketing farm products; and 225 were employed in local branch operations.

Gold Kist Inc.

Gold Kist Inc., named The Cotton Producers Association until December 14, 1970, has headquarters in Atlanta, Ga. It was organized in 1936 and began handling farm production supplies in 1941. On June 30, 1973, Gold Kist's membership consisted of about 153,000 individual farmers and 140 exchanges and other farmer cooperatives. It provided production supplies to farmers in Georgia, Alabama, northern Florida, southern South Carolina, and southeastern Tennessee through 98 affiliated mutual exchanges (local cooperatives), 2 independent cooperatives, 20 franchised private dealers, and 14 Gold Kist retail branches.

The mutual exchanges are separately incorporated associations, but employ management, accounting, and financing services from Gold Kist.

Gold Kist also markets cotton for members throughout the Cotton Belt, and processes and markets poultry, eggs, livestock, pork,

fish, peanuts, pecans, soybeans and other grain for its members in the Southeast.

A farmer or cooperative properly qualified under the bylaws may become a member and receive a certificate of membership. No membership fee is required. If a member ceases to patronize the association for 3 years, he is placed on the inactive list. Each member has only one vote in the affairs of the association.

Gold Kist has 15 directors elected for staggered terms of 3 years. Eight are elected on a regular district basis; four represent corporation districts; and three are elected at large—one each to represent cotton, pecans, and peanuts.

Gold Kist's gross and net volume of business in the last 2 fiscal years ended June 30 was as follows:

Type	1973	1972
	1,000 dollars	
Farm products marketed	431,774	323,937
Farm production supplies sold, including feed contracted or fed	151,133	139,996
Total gross volume (per annual reports) [1]	582,907	463,933
Less marketing deductions [2]	10,866	9,393
Total	572,041	[3] 454,540

[1] Excludes interdepartmental transfers and adjustments among Agri-service, Poultry, and Marketing Divisions.
[2] Includes freight out, sales commissions and brokerage, and returns and allowances.
[3] Restated in 1973 to $451,278,681 to conform to new accounting principles.

The value of principal types of supplies sold is shown in table 36.

Table 36—Gross wholesale value of supplies sold by Gold Kist, fiscal years ended June 30 (per annual reports)

Commodity	1973	1972
	1,000 dollars	
Feed (sales and for contract production)	81,787	91,736
Fertilizer	23,090	17,778
Seed	4,805	3,083
Pesticides	8,371	10,938
LP gas; other petroleum	975	0
General farm supplies	17,746	5,066
Chicks (contracted)	14,359	11,395
Total	151,133	139,996

Sales in fiscal 1973 included 955,291 tons of feed and 250,596 tons of fertilizer. Volume in fiscal 1972 included 953,216 tons of feed, and 215,472 tons of fertilizer.

Supply sales at retail by Gold Kist branches totaled $9,571,274 in fiscal 1973 and $7,062,-811 in 1972.

Supply sales of the Gold Kist mutual exchanges totaled $70,195,108 in fiscal 1973 and $52,947,830 in fiscal 1972.

Gold Kist has marketed cotton for members since its organization. Later, it began marketing a number of other products as shown in table 37. Near the end of fiscal 1972, Gold Kist Foods was formed to handle further processed foods.

Table 37—Sales of farm products by Gold Kist, fiscal years ended June 30 (per annual reports)

Commodity	1973	1972
	1,000 dollars	
Eggs	12,909	5,788
Broilers	147,299	120,060
Livestock	7,181	1,572
Pork	13,541	12,547
Fish	1,019	1,116
Cotton	99	2,050
Pecans	7,077	7,734
Peanuts	97,341	84,487
Soybeans	107,899	65,017
Other grain	37,419	23,565
Total	431,774	323,936

The value of products marketed by Gold Kist mutual exchanges totaled $79,766,382 in fiscal 1973 and $60,010,642 in fiscal 1972. Since the exchanges acted as agents for Gold Kist, these volumes are reflected in Gold Kist marketing in table 37.

Gold Kist has a wholly owned domestic subsidiary—Growers Finance, and a wholly owned foreign subsidiary—Gold Kist, S.A. Neither is consolidated in its financial statements.

Gold Kist also assisted in the organization and development of insurance and financing services for its members through three separate companies: Cotton States Mutual Insurance Co.,—for fire, wind, accidents, and the like; Cotton States Life and Health Insurance Co.; and Cotton States Investment

Co.,—for financing autos and trucks of policyholders of the other two companies.

Gold Kist and subsidiaries realized adjusted total net margins of $14,852,365, in fiscal 1973, of which $2,151,159 came from wholesale and retail supply operations. Adjusted net losses in fiscal 1972 totaled $2,030,-151 after deducting losses of a fertilizer affiliate. The distribution made of total net margins is shown in table 38.

Table 38—Distribution of net margins of Gold Kist and subsidiaries, fiscal years ended June 30

Distribution	1973	1972
	Dollars	
Patronage refunds in cash	3,444,000	0
Patronage refunds in revolving fund certificates	4,900,000	0
Additions to patrons' equity	10,954,271	1,670,076
Total available for patronage refunds	19,298,271	1,670,076
Less: Equity in losses of unconsolidated subsidiary and affiliate and distribution of net margins applicable to a joint venture	— 4,445,906	—3,700,230
Total adjusted net margins and proceeds	14,852,365	—2,030,154

In fiscal 1973, the association redeemed in cash or equivalent, upon request of holders, $8,788,065 cumulative preferred capital certificates of interest; and $1,001,497 worth of patrons' and other equity. In fiscal 1972, it redeemed $9,503,910 of such certificates of interest and $976,261 of patrons' and other equity.

Total net margins available to patrons since organization in 1937 through 1973 have amounted to $77,579,290, after deducting interest paid on patrons' equities.

The financial position, patrons' equity items, and principal facilities of Gold Kist are shown in tables 39-41. At the end of fiscal 1973, the association had investments of $16,227,073 in federations of regional cooperatives for purchasing or manufacturing supplies.

Table 39—Condensed balance sheet of Gold Kist on June 30

Item	1973	1972
	1,000	*dollars*
Assets:		
Current	159,029	96,945
Fixed (net)	58,114	56,536
Other	21,417	22,174
Total	238,560	176,055
Liabilities:		
Current	105,546	47,784
Long-term	44,592	48,103
Patrons' equity	88,422	80,168
Total	238,560	176,055

Table 40—Patrons' and other equity of Gold Kist, June 30, 1973

Item	Amount
	1,000 dollars
Patrons' equity	38,570
Preferred capital certificates of interest—cumulative[1]	44,865
Certificates (noninterest-bearing) and interest reinvested by patrons	4,921
Other equity	66
Total	88,422

[1] Annual amount callable by board of directors limited to 20 percent of the original amount of certificates issued.

On June 30, 1973, Gold Kist had 8,163 employees. Of these, 439 were engaged in general and administrative activities; 1,096 in agriservices (manufacturing, wholesaling, and retailing of supplies, including warehousing and transportation); and 6,628 in processing and marketing farm products.

Midland Cooperatives, Inc.

Midland Cooperatives, Inc., with headquarters at Minneapolis, Minn., was organized on September 8, 1926. On December 1, 1963, Central Cooperatives, Inc., Superior, Wis., formed in 1917, merged with Midland.

Midland operates throughout Minnesota and Wisconsin, northern Iowa, eastern parts of the Dakotas, and upper Michigan. At the end of 1972, it was serving 633 local member associations with about 400,000 members; more than 90 percent were farmers. Of these local cooperatives, 56 were under a manage-

Table 41—Type and capacity of principal facilities owned by Gold Kist, June 30, 1973

Facility	Number of plants or units	Annual operating or storage capacity and unit	
Wholesaling and manufacturing:			
Feed mills	8	1,000,000	tons
Seed plants	1	1,600	bu./8 hr.
Fertilizer plants	3	400,000	tons
Insecticide plants (dust)	1	953	tons
(liquid)		202,642	gals.
Supply warehouses	3	425,000	sq. ft.
Hatcheries	11	150,000,000	chicks
Retailing (Gold Kist branch stores and warehouses)	22	—	
Marketing:			
Poultry processing plants	7	59,400	broilers/ hr.
Egg processing plants	1	1,440	cases/8 hr. processing
		400	eggs/8 hr. breaking
Pork packing plants	2	20,692	head
Beef cattle feedlots	2	30,000	head
Peanut plants	10	310,629	tons
Pecan processing plants	1	21,000,000	lbs.
Grain elevators	24	9,946,000	bushels
Soybean plants	1	110	tons/8 hr. meal
		30	tons/8 hr. oil

ment agreement with Midland. Midland also operated 27 retail branch stores and stations.

Membership in Midland is limited to cooperatives and is obtained by acquiring one $1,000 share of class A or class B common stock and agreeing to the provisions of the bylaws. Class A common stockholders consist of cooperatives or like associations as defined in the Agricultural Marketing Act and incorporated under the laws of any State or the District of Columbia and approved by the board of directors. Each has one vote plus one additional vote for each $25,000 or major fraction thereof, of business transacted with Midland during the preceding year.

Class B common stockholders consist of cooperatives, like associations of retail patrons, and non-profit organizations ineligible to hold class A common stock. Each has only one vote.

Midland has 15 directors elected by districts for staggered terms of 3 years.

At the end of 1972, Midland had a wholly owned subsidiary—Petroleum Resources Corporation—which was consolidated in its financial statements. It holds working interests in leased production oil properties and interests in leases of undeveloped oil properties in several States; leases transportation equipment; and holds real and personal property for leasing to Midland.

Midland also had two wholly owned unconsolidated subsidiaries:

(1) Midland Credit Corporation makes direct loans to patrons of member cooperatives, commercial poultry and egg producers, and feeders; and acts as a discounting agency for financing promissory notes.

(2) Trade Credit Corporation is chartered to engage in a wide range of activities, but its primary function is to help member cooperatives acquire and finance their inventories and other working capital needs.

Midland also has a minority interest in Service Realty Corporation—a real estate holding company; Green Bay (Wis.) Terminal Corporation; Service Leasing Corporation; and several other firms.[6]

Midland handles a wide variety of supplies. Its volume and net margins and their distribution the last 2 years are shown in tables 42 and 43.

Sales in 1972 included 133,793 tons of feed, 297,438 tons of fertilizer, and 242,843,-145 gallons of refined fuels.

Retail sales of Midland-operated outlets totaled $8,750,165 in fiscal 1972 and $8,136,-385 in 1971.

Volume of loans by Midland's two credit

[6] Service Realty Corporation and Service Leasing Corporation merged to become Interregional Service Corporation early in 1974.

Table 42—Net wholesale sales of supplies distributed by Midland, years ended December 31 [1]

Commodity	1972	1971
	1,000 dollars	
Feed, flour, and mill feed	12,930	10,476
Fertilizer	19,389	16,102
Seed	955	908
Petroleum products	51,536	48,187
Tires, tubes, and accessories	7,673	6,788
Hardware and appliances [2]	12,325	10,511
Oil station equipment, LP gas cylinders and equipment	1,728	1,316
Groceries, meats, produce, bakery items, and coffee	19,317	18,119
Agricultural chemicals	6,321	5,212
Clothing and dry goods	1,413	1,243
Printing	271	212
Miscellaneous supplies	3,660	4,718
Transportation income	2,221	1,944
Total	139,739	125,736

[1] Sales were $171.6 million in 1973.
[2] Includes steel products, building supplies, electrical equipment and appliances, farmstead equipment, and plumbing and heating equipment.

corporations totaled $38,397,210 in 1972 and $32,799,969 in 1971.

Net margins of loans realized the last 2 years are shown in table 43.

Table 43—Distribution of net margins by Midland, years ended December 31 [1]

Distribution	1972	1971
	Dollars	
Income taxes	160,000	145,000
Cash dividends on capital stock	72,844	76,358
Patronage refunds in cash	583,004	567,308
Patronage refunds in Midland Cooperator subscriptions	109,579	109,530
Patronage refunds in capital stock	1,715,013	1,650,534
Additions to surplus	188,449	198,757
Total	2,828,889	2,747,487

[1] Net margins were $7,328,491 in 1973.

In 1972, Midland retired $554,350 of capital stock originally issued in payment of patronage refunds under its revolving capital plan of financing and $118,043 (net) of other capital stock. In 1971, it retired $550,382 of revolving capital stock and $143,447 of other capital stock. The percentage of revolving stock retired each year is determined by the board of directors. In 1972, Midland retired 2.7 percent of its common stock. In 1971, it retired 2.8 percent of its common stock.

Total net margins of Midland and CCI since their dates of organization have totaled $49,607,638. Of this amount, $3,592,377 was paid as dividends on capital stock; $4,101,902 as cash patronage refunds on a current basis; $34,378,320 as patronage refunds in capital stock; $3,848,464 as income taxes; and the remaining $3,576,996 was retained as surplus.

The financial position, net worth items, and principal facilities of Midland and its subsidiaries are shown in tables 44-46.

Table 44—Condensed balance sheet of Midland and its subsidiary, December 31

Item	1972	1971
	1,000 dollars	
Assets:		
Current	26,632	28,755
Fixed (net)	18,429	17,566
Other	17,334	14,626
Total [1]	62,395	60,947
Liabilities and net worth:		
Current	18,799	19,876
Long-term:		
Subordinated debentures [2]	2,025	1,973
Other	15,662	14,348
Net worth (capital equities) [1]	25,909	24,750
Total	62,395	60,947

[1] Assets were $74.8 million and net worth was $30.3 million on December 31, 1973.
[2] Interest at 5 to 7½ percent; due in 1973-81.

Table 45—Net worth of Midland, December 31, 1972

Item	Amount
	Dollars
Preferred stock—Classes A, C, D, and E	1,334,810
Common stock:	
Class A—$1,000 par	16,189,184
Class B—$1,000 par	5,407,549
Nonvoting—$10 par	534,796
Partial shares	239,763
Patronage refunds to be issued as stock	1,715,013
Total	24,086,305
Earned surplus	487,478
Total	25,908,593

Midland also had $8,668,802 invested in federations of regional cooperatives and allied companies that operated manufacturing and purchasing operations on December 31, 1972. Principal investments were in National Cooperative Refinery Association, McPherson,

Table 46—Types and capacities of principal facilities, operated by Midland and its subsidiary, December 31, 1972

Facility	Number	Annual operating or storage capacity and unit
Wholesale warehouse	1	385,000 sq. ft.
Petroleum refinery	1	6,935,000 bbl.
Petroleum storage terminals	2	2,500,000 do.
LP gas plants and equipment	23	60,697,094 gals.
Fertilizer blending plants	16	55,139 tons
Feed mills	3	53,946 do.
Swine testing stations	2	—

Kans.; Universal Cooperatives, Inc., Alliance, Ohio; and CF Industries, Inc., Chicago, Ill.

On December 31, 1972, Midland had 1,238 employees. Of these, 500 were engaged in general and administrative activities, 450 in wholesale distribution, manufacturing, and processing, and 288 in retailing operations.

Indiana Farm Bureau Cooperative Association, Inc.

Indiana Farm Bureau Cooperative Association, Inc., (IFBCA), with headquarters in Indianapolis, Ind., was organized in its present form in February 1927.

On December 31, 1972, it had 78 active countywide member farm bureau cooperatives in Indiana and 1 in Kentucky, with a total of 240 distribution points. These associations had approximately 140,000 members; about 90 percent of them were farmers. IFBCA also served 21 nonmember co-ops.

Twenty-one county associations were under management and financing arrangements with IFBCA.

Membership in IFBCA is obtained by purchasing a $100 share of common voting stock and agreeing to the provisions of the bylaws. Only the county associations hold such stock. Each member association has only one vote.

IFBCA has 10 directors elected by districts for 3-year terms, and one public director appointed annually by the board of directors. IFBCA is independent of the Indiana Farm Bureau, Inc., but one or more directors may be on the boards of both organizations. The same relationship exists among the county Farm Bureau cooperatives and county Farm Bureaus.

IFBCA has two wholly owned subsidiaries —The Farm Bureau Oil Company, which handles crude oil buying and producing and pipeline operations; and Fabuco Services, which does business at the retail level.

IFBCA moved into marketing farm products in March 1947, when it started the Poultry and Egg Department. In October 1947, the Indiana Wool Growers merged with IFBCA, and in October 1949, the Indiana Grain Cooperative merged with it.

On December 31, 1972, the Indiana Grain Marketing Division of the association was serving 175 local cooperative elevators in the State—most owned by the member county associations.

A diversified line of supplies and equipment is handled by the organization (table 47). Sales of farm products are shown in table 48.

Table 47—Sales of supplies distributed at wholesale by IFBCA and its subsidiaries, years ended December 31

Commodity	1972	1971
	1,000 dollars	
Feed	23,029	20,772
Seed	1,312	1,240
Fertilizer	18,249	19,100
Petroleum products	34,815	29,055
Tires, batteries, and accessories	1,467	1,019
Farm machinery and parts	457	484
General farm equipment, electrical equipment, and appliances	2,463	2,745
Hardware	938	1,158
Lumber, paint, and other maintenance equipment	8,388	6,689
Insecticides	9,127	7,563
Chicks, eggs, and turkey poults	1,534	2,062
General supplies [1]	635	1,775
Total [2]	102,414	93,662

[1] Includes such items as twine, coal, steel products, bulk plant equipment, printing supplies, and wool growers' supplies.
[2] Sales of supplies were about $135 million in 1973.

Sales of supplies at retail by IBFCA's subsidiary totaled $915,644 in 1972 and $891,972 in 1971.

Sales in 1972 included 199,596 tons of feed, 387,045 tons of fertilizer, and 179,832,452 gallons of refined fuels.

Table 48—Sales of farm products marketed by IFBCA, years ended December 31

Commodity	1972	1971
	1,000 dollars	
Grain	211,649	183,107
Eggs	2,791	2,147
Wool	343	297
Total	214,783	185,552

Total net margins and their distribution for the last 2 years are shown in table 49. The association derived approximately 57 percent of these net margins in 1972 and 77 percent in 1971 from supply purchasing operations; the rest came from marketing operations.

Table 49—Distribution of net savings of IFBCA and its subsidiaries, years ended December 31

Distribution of net savings	1972	1971
	Dollars	
Federal income taxes	436,000	538,500
Cash dividends on capital stock	86,363	109,140
Patronage refunds:		
Cash or equivalent	684,533	471,398
Capital stock (principally)	2,546,000	1,425,300
Additions to capital reserves	663,403	596,864
Total [1]	4,416,306	3,141,202

[1] Net savings were $7,718,212 in 1973.

IFBCA also made cash retirements of its revolving capital in each of the last 2 years. During 1972, it retired $249,000 worth of preferred stock and $1,251,065 worth of common stock, originally issued in payment of patronage refunds. In 1971, the association retired $559,400 worth of preferred stock and $1,507,300 worth of common stock. By December 31, 1972, it had retired all common stock issued through 1957.

The financial condition, net worth items, and principal facilities of IFBCA are shown in tables 50-52.

Table 50—Condensed balance sheet of IFBCA and its subsidiaries, years ended December 31

Item	1972	1971
	1,000 dollars	
Assets:		
Current	92,603	66,744
Fixed (net)	28,150	28,978
Other	8,042	7,337
Total [1]	128,795	103,059
Liabilities and net worth:		
Current liabilities	64,701	39,430
Debenture bonds [2]	5,334	5,810
Other deferred liabilities	9,272	10,053
Net worth (shareholder and patron equities) [1]	49,488	47,766
Total	128,795	103,059

[1] Assets totaled $114.3 million and net worth was $54.4 million on December 31, 1973.
[2] Bearing 5 to 6½ percent interest and maturing serially through 1992.

Table 51—Net worth or shareholder and patron equities of IFBCA and subsidiaries, December 31, 1972

Item	Amount
	Dollars
Preferred capital stock—$100 par value	2,019,700
Common stock (voting)—$100 par value	34,244,200
Common stock (nonvoting)—$100 par value	1,595,100
Patronage refunds to be applied against stock subscriptions	2,719,200
Reserve for revaluation of facilities acquired	28,029
General reserve	5,237,418
Patrons' equities—allocated	2,588,794
Retained earnings	1,055,453
Total	49,487,894

About 95 percent of the association capital stock represented retained savings, and the remaining 5 percent had been sold to member associations and others.

The association also had $5,114,100 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities on December 31, 1972. These investments are included in "other assets" of the association.

On December 31, 1972, IFBCA and its subsidiaries had 1,223 employees. Of these, 572 were engaged in general and administrative activities, 442 in wholesale distribution, manufacturing, and processing operations,

Table 52—Type and capacity of principal facilities owned by IFBCA and its subsidiaries, December 31, 1972

Facility	Number of plants or units	Annual operating or storage capacity and unit
Wholesaling and manufacturing of supplies:		
Wholesale farm supply warehouse	1	264,000 sq. ft.
Fertilizer plants	3	175,000 tons
Petroleum refinery	1	4,680,000 bbls.
Petroleum product pipelines	—	230 miles
Petroleum terminals and pump stations (storage)	7	4,000,000 bbls.
Feed mills	3	175,000 tons
Seed plants	1	5,000,000 lbs.
Hatcheries	1	4,000,000 chicks
Poultry breeding farm	1	—
Marketing farm products:		
Grain terminals (storage)[1]	4	15,250,000 bushels
Egg processing plants	1	100,000 cases
Farm Bureau Oil Co. (subsidiary):		
Crude oil pipeline	—	373 miles
Fabuco, Inc. (subsidiary):		
Retail units	2	—

[1] In addition, IFBCA has 11,000,000 bushels leased at Chicago, Ill., and Baltimore, Md.

19 in retail operations, and 190 in processing and marketing farm products.

Tennessee Farmers Cooperative

Tennessee Farmers Cooperative (TFC), La Vergne, Tenn., was organized on September 27, 1945. On July 31, 1973, it was serving 80 member cooperatives in Tennessee, which in turn were serving about 72,000 members —100 percent of whom were farmers. It also served 4 nonmember cooperatives. Ten local associations were under management and financing arrangements with TFC.

Membership in TFC is obtained by purchasing a $100 share of common stock and agreeing to provisions of the bylaws. Each member association has only one vote. TFC has eight directors—seven elected by districts for staggered terms of 3 years and one public director elected by the seven.

TFC is independent of the Tennessee Farm Bureau Federation, but a director may serve on the board of directors of both organizations. The same relationship exists among the county cooperatives and county farm bureaus.

TFC has two wholly owned subsidiaries—Farmers Credit Service, set up in 1962, to collect old accounts for member associations and to help them upgrade credit procedures; and TFC Marketing Service, Inc., set up in 1966 to market grain and other products for members.

The types and volume of supplies sold by TFC in fiscal 1973 and 1972 are shown in table 53.

Table 53—Net sales of supplies at wholesale by TFC, fiscal years ended July 31

Commodity	1973	1972
	1,000 dollars	
Feed	33,373	25,600
Fertilizer	18,719	17,161
Seed	6,405	5,150
Hardware, building supplies, and general farm supplies	10,887	8,659
Petroleum products, tires, batteries, and accessories	13,300	11,716
Agricultural chemicals	6,156	4,864
Materials handling equipment	447	246
Total	89,287	73,396

Sales in fiscal 1973 included 303,281 tons of feed, 134,176 tons of fertilizer, and 26,662,267 gallons of refined fuels. Volume in fiscal 1972 included 306,287 tons of feed, 125,408 tons of fertilizer, and 23,450,147 gallons of refined fuels.

In April 1961, TFC acquired a grain elevator and began providing a marketing service principally for wheat and soybeans. On August 1, 1966, the marketing division assets, net of liabilities, were transferred to a subsidiary, TFC Marketing Service, Inc. This association had sales of $22,289,068 in fiscal 1973 and $19,035,416 during fiscal 1972.

Net margins after performance rebates of TFC and its subsidiaries in fiscal 1973 totaled $3,058,485, of which $3,193,795 was

derived from production supply operations. Marketing incurred a small loss. In fiscal 1972, they totaled $2,622,475 with $2,553,944 coming from supply operations.

Table 54—Net margins and their distribution by TFC and its subsidiaries, after performance rebates, fiscal years ended July 31

Distribution of net margins	1973	1972
	Dollars	
Cash dividends on capital stock	492,800	496,641
Patronage refunds:		
Paid in cash	539,039	412,456
Paid in debenture bonds	0	1,000,000
Additions to allocated reserves	2,152,363	642,325
Additions to general reserves (tax-paid surplus)	2,263	3,308
Federal income taxes	7,331	(−786)
Total	3,193,795	2,553,944

In addition, at the end of fiscal 1973, the association paid out $1,911,888 in cash to the county cooperatives on special performance programs. The amount of such incentive payments in 1972 was $1,641,358.

TFC has operated on a revolving capital plan which has not been under a firm advance commitment. Allocated reserves are now revolved on a 5-year basis and preferred stock on a 10-year basis.

In fiscal 1973, TFC paid back $293,787 worth of allocated reserves for 1967, and redeemed $135,100 worth of preferred stock issued in 1964 or later. In 1972, it paid back $283,338 worth of allocated reserves set up in 1966, and redeemed $175,670 worth of preferred stock issued from 1959 through 1963. Holders of recalled stock were encouraged to reinvest in debenture bonds, and such reinvestments and new purchases totaled $929,-710.

Net margins available for patrons since organization in 1945 totaled $33,026,372. Of this amount, the association paid $7,589,716 as cash dividends on capital stock, $6,056,334 in cash patronage refunds, $11,523,750 as patronage refunds in capital stock and debentures, and retained $7,856,572 as patrons' allocated reserves.

TFC has retired member equities totaling $3,192,985 since organizing. In addition, it has made considerable incentive payments to local cooperatives participating in special performance programs.

The financial condition, net worth, and principal facilities of TFC and its subsidiaries on July 31, 1973 and 1972, are shown in tables 55-57.

Table 55—Condensed balance sheet of TFC and its subsidiaries, July 31

Item	1973	1972
	1,000 dollars	
Assets:		
Current	11,928	9,897
Fixed (net)	9,765	9,577
Other	15,878	13,434
Total	37,571	32,908
Liabilities and net worth:		
Current	9,819	7,393
Other	15,277	13,974
Capital stock and patrons' equity	12,475	11,541
Total	37,571	32,908

Table 56—Net worth or member and patron equities of TFC and its subsidiaries, July 31, 1973

Item	Amount
	1,000 dollars
Preferred stock—$10 par value [1]	7,049
Common stock—$100 par value	8
Patron's allocated reserves	2,717
Unallocated current net margins	2,701
Total	12,475

[1] On July 31, 1973, about 55 percent of the association's preferred stock represented patronage refunds issued in such stock, and the remaining 45 percent had been sold to member associations and others.

Table 57—Type and capacity of principal facilities owned by TFC and its subsidiaries, July 31, 1973

Facility	Number of plants or units	Annual operating or storage capacity and unit
Tennessee Farmers Cooperative:		
Warehouses	3	303,942 sq. ft.
Fertilizer plants	5	300,000 tons
Seed plants	4	50,000,000 lbs.
Feed mills	3	300,000 tons
Tire recapping plants	1	50,000 tires
TFC Marketing Service, Inc.		
Grain elevators	23	2,000,000 bushels

At the end of fiscal 1973, TFC also had $13,043,589 invested in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

On July 31, 1973, TFC had 557 employees. Of this number, 250 were engaged in general and administrative activities, 287 in manufacturing, processing, and wholesaling of supplies, including warehousing and transportation, and 20 in marketing farm products.

FCX, Inc.

FCX, Inc., with headquarters at Raleigh, N.C., was organized on March 12, 1934, as Farmers Cooperative Exchange, Inc. Its name was changed in December 1965.

FCX is a centralized cooperative with farmers holding direct membership in it. Any farmer may become a member by acquiring a $1 share of common stock and agreeing to comply with the bylaws. Each member has only one vote. On June 30, 1973, FCX had 45,374 members in North and South Carolina, and with the exception of a few member cooperatives, all of them were farmers. About 70 percent of its production supply purchasing business was with farmer-patrons.

FCX has 15 directors elected at annual meetings for staggered terms of 3 years. Eleven directors are nominated on a district basis by owners of FCX common stock. One director is nominated by the board of directors of the Carolinas Cotton Grower Association, one by the executive committee of the North Carolina Grange, and one by the executive committee of the North Carolina Farm Bureau Federation. One is a public director selected jointly by the North Carolina Commissioner of Agriculture, the Director of North Carolina Extension Service, and the President of Greater North Carolina University.

On June 30, 1973, supplies were distributed through 81 FCX-operated retail service stores, 5 nonaffiliated independent cooperative associations, and 180 independent dealer-agencies. About 76 percent of FCX's total supply volume moved through the service stores; 2 percent through independent cooperatives; and 22 percent through dealer-agencies in fiscal 1973. FCX has no subsidiaries.

Gross and net combined volumes for the last 2 fiscal years ended June 30 consisted of the following:

Type	1973	1972
	1,000 dollars	
Wholesale sales of supplies (including transfer from manufacturing plants)	91,287	76,830
Retail sales of supplies stores	51,534	44,804
Farm products marketed	18,282	11,800
Total	161,103	133,434
Less intracompany sales	67,943	57,110
Net volume or sales	93,160	76,324

The major types of supply sales are shown in table 58.

Table 58—Net volume of supplies and equipment sold by FCX—part at wholesale and part at retail—fiscal years ended June 30 [1]

Commodity	1973	1972
	1,000 dollars	
Feeds and feed grains	18,947	16,180
Fertilizer	12,268	11,407
Seed	6,763	5,340
Petroleum products	7,663	6,758
Tires, tubes, and batteries	1,283	1,342
Sprays and dusts	5,974	4,833
General farm supplies [2]	21,980	18,664
Total [3]	74,878	64,524

[1] Includes net wholesale volumes of $23,343,000 in fiscal 1973 and $19,720,000 in fiscal 1972; and retail sales of $51,534,000 in 1973 and $44,804,000 in 1972.

[2] Includes building materials, livestock and poultry equipment, paint, hardware, grain bins, pumps, fencing, lawn mowers, and other tools.

[3] In addition, service revenue totaled $1,832,595 in 1973 and $1,632,706 in 1972.

Sales in fiscal 1973 included 189,135 tons of feed, 310,745 tons of fertilizer, and 39,884,547 gallons of refined fuels. Volumes sold in fiscal 1972 were 186,293 tons of feed, 285,438 tons of fertilizer, and 38,000,000 gallons of refined fuels.

Sale of farm products marketed for patrons are listed in table 59.

Table 59—Net sales of farm products marketed by FCX, fiscal years ended June 30

Commodity	1973	1972
	1,000 dollars	
Grains	11,150	6,642
Eggs and poultry	7,131	5,152
Fruits and vegetables—canned	0	6
Total	18,281	11,800

Net margins of the FCX system and their distribution are shown in table 60. About 84 percent of net margins was derived from supply operations in fiscal 1973 and 98 percent came from them in fiscal 1972.

FCX does not operate on a revolving capital basis, but redeemed $384,986 worth of capital stock, debentures, and patronage refund certificates and allocations in fiscal 1973 and $622,467 worth in fiscal 1972. The stock was redeemed upon request and the debentures at maturity dates.

Table 60—Total net margins of FCX's wholesale, retail, and marketing system, and their distribution, fiscal years ended June 30

Distribution	1973	1972
	Dollars	
Income taxes	527,805	0
Cash dividends on capital stock	462,064	489,718
Patronage refunds in cash	563,353	0
Patronage refunds paid in capital stock, debentures, and patrons' equities	1,520,316	0
Additions to capital reserve	127,999	1,260,882
Total	3,201,537	1,750,600

Total net margins available for distribution to patrons of the combined FCX system since June 30, 1934, were $25,719,433. Of this amount, FCX paid $8,813,985 as cash dividends on capital stock; paid $2,790,406 as cash patronage refunds; paid $10,149,364 as patronage refunds in capital stock, debentures, and patrons' equities; and retained the remaining $3,965,678 for working capital and other reserves.

The financial condition, net worth items, and principal facilities of FCX are shown in tables 61-63.

Table 61—Condensed balance sheet of FCX, June 30

Item	1973	1972
	1,000 dollars	
Assets:		
Current	40,022	34,816
Fixed (net)	13,270	13,522
Other	8,479	6,939
Total	61,771	55,277
Liabilities and net worth:		
Current liabilities	27,479	22,794
Other liabilities	11,774	13,093
Subordinated and other debentures [1]	9,615	8,009
Capital stock and other member equities	12,903	11,381
Total	61,771	55,277

[1] Mostly investment debentures—1966-78 series; 5½-6½ percent.

Table 62—Shareholders' and patrons' equities of FCX, June 30, 1973

Item	Amount
	1,000 dollars
Capital stock—common	204
Capital stock—preferred	7,727
Treasury stock	−143
Patrons' certificates of equities allocated	3,081
Capital reserves (self-insurance; working capital)	−604
Current year's net margins allocable after patronage refund payable in cash	2,638
Total	12,903

Table 63—Type and capacity of principal facilities owned by FCX, June 30, 1973

Facility	Number of plants or units	Annual operating or storage capacity and unit
Regional—general, wholesale, and manufacturing:		
Farm supply warehouses	3	186,000 sq. ft.
Feed mills	3	165,000 tons
Fertilizer mixing plants	2	100,000 tons
Seed cleaning plants	3	3,000,000 lbs.
Regional—marketing:		
Grain elevators	7	1,202,000 bushels
Egg processing plants	2	400,000 cases
Local—retail and marketing:		
Farm supply stores	54	—
Bulk petroleum plants (including LP gas plants)	16	—

FCX's investment in federations of regional cooperatives that operated manufacturing and wholesale facilities amounted to $5,189,468 on June 30, 1973.

On this date, the FCX system had 1,237 employees. Of these, 385 were engaged primarily in general and administrative activities; 185 in supply manufacturing, seed processing, and wholesale distribution, including warehousing and transportation; 576 in retail distribution; and 91 in processing and marketing farm products.

MFC Services

MFC Services, Inc., (AAL)[7], with headquarters in Jackson, Miss., was first incorporated as Mississippi Farm Bureau Federation (AAL) in 1930. It had been purchasing fertilizer and other farm supplies wholesale for its county farm bureau units since 1922. In 1935, it was reorganized as a separate association—Mississippi Federated Cooperatives (AAL). The present name was adopted in 1965.

On May 31, 1973, MFC had 95 member local cooperatives in Mississippi, Louisiana, and Alabama, to which it provided production supplies. They had about 75,000 members, 95 percent of whom were farmers. MFC also served 15 nonmember local cooperatives. On this date, MFC also had 10,201 individual grower members who marketed farm products through the association, stored cotton, or produced on contract broilers, eggs, breeder birds, or seeds for the federation.

Local cooperatives may become members of MFC by acquiring 40 shares of class A common stock with a par value of $5 each and agreeing to comply with the bylaws. Each member local must own at least 40 shares of such stock. Individual farmers may become members by acquiring one share of class D preferred stock with a par value of $1. Only such farmer members may acquire class B preferred stock with a par value of $100 a share. Class C preferred with a par value of $100 a share, is available to anyone.

[7] These letters, which refer to the Agricultural Association Law in Mississippi, must appear after the name of each cooperative incorporated under it.

Under State law, holders of each share of common and preferred stock are entitled to cast one vote for each share, except class C preferred which is defined as nonvoting in the articles of incorporation. In practice, however, stock voting has been limited to the election of directors; one vote per member has been used in other matters.

The bylaws provide that total outstanding shares of class B and D of preferred stock cannot exceed the outstanding shares of class A common and class A preferred.

MFC has nine directors elected for 3-year terms on a staggered basis. Three are elected on the basis of the three Supreme Court districts in Mississippi, four are elected at large from Mississippi, and two are elected at large from Louisiana.

MFC has the following majority or wholly owned subsidiaries:

(1) Lamar Refining Company which provides petroleum products to local members.

(2) Thompson Leasing, Inc., whose function is to lease or finance vehicles for MFC and members.

(3) Producers Poultry Cooperative which produces the various poultry products for MFC's programs.

Both MFC and its member cooperatives are separate from the State and county farm bureau organizations.

The volume of business and net margins for the fiscal years ending in 1973 and 1972 are shown in tables 64 and 65.

Sales in fiscal 1973 included 383,000 tons of feed, 400,000 tons of fertilizer, and 22,442,248 gallons of refined fuels (the latter sold by Lamar Refining Company).

Table 64—Wholesale sales of supplies by MFC, fiscal years ended May 31

Supplies	1973	1972
	Dollars	
Feed	37,012,174	32,187,539
Seed	5,915,718	4,039,391
Fertilizer	20,641,478	18,257,361
Chemicals	4,360,282	3,026,046
General farm supplies	4,547,146	3,948,362
Traffic revenue	300,486	264,390
Total	72,777,284	61,723,189

MFC began marketing and providing a loan service for cotton in 1940; marketing eggs in 1959; broilers in 1962; grain in 1951; vegetables in 1965; pecans in 1959; rice in 1966, and soybeans in 1970.

Table 65—Sales of farm products by MFC during fiscal years ended May 31

Product	1973	1972
	Dollars	
Eggs	12,269,516	9,657,253
Broilers	28,854,799	22,348,987
Rice	9,231,114	6,947,268
Total	50,355,429	38,953,508

MFC had total net margins of $3,776,494 in fiscal 1973 of which all came from manufacturing and distributing farm production supplies. Net margins in fiscal 1972 totaled $1,578,175 of which all were from supply operations. The distribution of such margins is shown in table 66.

Table 66—Distribution of net margins of MFC, fiscal years ended May 31

Distribution	1973	1972
	Dollars	
Cash dividends on capital stock paid prior to closing year	479,152	498,986
Patronage refunds paid in cash	1,191,507	332,833
Retained as allocated margins or equity	2,584,987	1,245,332
Total	3,776,494	1,578,175

The association does not operate on a revolving capital plan. In fiscal 1973 and 1972 it did not redeem any of its capital stock, allocated margins, and equity credits originally issued in payment of patronage refunds.

The financial position, net worth items, and principal facilities are shown in tables 67-69.

MFC also had $8,513,893 invested in other cooperatives which operated various manufacturing and wholesaling facilities on May 31, 1973. The principal associations were Mississippi Chemical Corporation, Yazoo City, Miss.; Universal Cooperatives, Inc., Alliance, Ohio; Arkansas Grain Corporation, Stuttgart, Ark.; and Farmers Export Co., Kansas City, Mo.

Table 67—Condensed balance sheet of MFC, May 31

Item	1973	1972
	Dollars	
Assets:		
Current	33,466,944	28,281,940
Fixed (net)	9,567,878	10,311,683
Investments and other	10,007,722	10,005,681
Total	53,042,544	48,599,304
Liabilities and net worth:		
Current	21,425,065	20,982,100
Other	13,744,601	12,825,873
Net worth or members' equities	17,872,878	14,791,331
Total	53,042,544	48,599,304

Table 68—Net worth or members' equity of MFC, May 31, 1973

Item	1973
	Dollars
Common stock	2,138,160
Preferred stock (classes A, B, C, and D)	7,338,876
Allocated margins	4,158,268
Reserves for contingencies	461,080
Net margins for current year not yet distributed	3,776,494
Total	17,872,878

On May 31, 1973, the association had 1,600 employees. Of these, 190 were engaged primarily in general and administrative activities, 322 were in supply wholesaling and manufacturing and seed processing operations, and 1,088 were in marketing and processing farm products.

Table 69—Type and capacity of principal facilities owned by MFC, May 31, 1973

Facilities	Number of plants or units	Annual operating or storage capacity and unit
Wholesaling & manufacturing:		
Feed mills	7	404,780 tons
Seed plants	1	2,080,000 lbs.
Supply warehouses	4	91,300 sq. ft.
Hatcheries	2	32,760,000 chicks
Marketing:		
Poultry processing plants	2	73,574,221 lbs.
Egg handling plants	4	884,000 cases
Grain elevators	2	215,000 bus.

Landmark, Inc.

Landmark, Inc., with headquarters at Columbus, Ohio, was organized as The Farm Bureau Cooperative Association, Inc., on July 31, 1933. Its name was changed to Landmark, Inc., on January 1, 1971.

On December 31, 1972, Landmark was serving 65 member associations with 180 distributing points in Ohio. These cooperative outlets served about 86,000 members of which almost 100 percent were farmers. Landmark also owned and operated supply and marketing facilities in 7 counties which served about 10,000 farmers.

Thirty-two member associations were under management and financing agreements with Landmark.

Membership in Landmark is obtained by purchasing a $25 share of common stock and agreeing to the provisions of the bylaws. Each share of common stock has one vote. The common stock is held by the local cooperatives and the Ohio Farm Bureau Federation, with the latter owning a majority of the total. Preferred stock is used for financing purposes and carries no vote.

The same board of 26 directors governs both the Ohio Farm Bureau Federation and Landmark, and they are elected by districts for staggered terms of 3 years. The local cooperatives, in which any farmer is eligible for membership, are independent of the county Farm Bureaus.

On December 31, 1972, Landmark had the following wholly or majority owned subsidiaries whose operations were consolidated with those of the parent organization: (1) Teeters Packing Co., which has a livestock processing plant at Columbus, Ohio; (2) Conklin's Farm 'N Dairy, which operated five retail convenience food stores at the end of 1972; and (3) Evans Packing Co., which processes hogs and cattle. All other wholly owned subsidiaries had been merged into Landmark.

Sales of supplies of Landmark and its subsidiaries during the past 2 years are shown in table 70.

Table 70—Types and value of supplies sold by Landmark and its subsidiaries—mostly at wholesale—years ended December 31 [1]

Commodity	1972	1971
	1,000 dollars	
Feed	20,877	19,909
Seed and fertilizer	17,833	19,333
Petroleum products	21,321	20,461
General farm and home supplies and equipment	10,835	9,844
Total [2]	70,866	69,547

[1] Included retail sales of $5,281,000 in 1972 and $9,761,000 in 1971.
[2] Total supply sales were $98,046,818 in 1973.

Sales in 1972 included 240,106 tons of feed, 226,320 tons of fertilizer, and 131,900,000 gallons of refined fuels.

Sales of farm products marketed through Landmark and its subsidiaries and local branches were:

Item	1972	1971
	1,000 dollars	
Grain	59,268	68,613
Pork and beef products	8,855	2,085
Eggs and poultry	16,835	15,856
Total	84,958	86,554

Net margins on total supply and marketing operations during the past 2 years are shown in table 71.

Table 71—Net margins and their distribution by Landmark and its subsidiaries, years ended December 31 [1]

Distribution	1972	1971
	Dollars	
Federal income taxes	881,384	899,992
Cash dividends on capital stock	735,120	712,560
Patronage refunds in:		
Cash or equivalent	117,382	172,605
Securities	261,500	400,000
Additions to capital reserves	208,079	231,184
Total	2,203,465	2,416,341

[1] Net margins in 1973 were $3,837,437.

About 60 percent of the total net margins in 1972 and 86 percent in 1971 were derived from supply operations.

The association retired $198,800 in 1972 and $291,800 in 1971 of securities originally

issued in payment of patronage refunds under its revolving capital plan. As of December 31, 1972, it had retired all such securities issued through 1967.

In addition, in 1972, Landmark redeemed $497,440 worth of capital stock and $1,932,780 worth of subordinated debenture bonds. In 1971, it redeemed $1,386,829 worth of capital stock and $2,325,036 of subordinated debenture bonds.

Total net margins available to patrons and shareholders since organization in 1933 have been $41,093,000. Of this amount, the association paid $11,054,000 as cash dividends on capital stock, paid $24,904,000 as patronage refunds, and retained the remaining $5,135,000 as operating capital reserves and surplus.

The total amount of cash patronage refunds plus patronage refund securities revolved was $16,934,000.

The financial position, net worth items, and principal facilities of Landmark and its subsidiaries are shown in tables 72-74.

Table 72—Condensed balance sheet of Landmark and its subsidiaries, December 31

Item	1972	1971
	1,000 dollars	
Assets:		
Current	37,163	31,348
Fixed (net)	19,178	18,355
Other	13,849	14,182
Total [1]	70,190	63,886
Liabilities and net worth:		
Current liabilities	20,041	16,954
Debentures (term)	24,408	23,233
Other liabilities	4,948	3,172
Net worth (capital and reserves) [1]	20,793	20,527
Total	70,190	63,886

[1] Total assets were $89,863,894 and net worth was $23,647,802 on December 31, 1973.

Table 73—Net worth or shareholders' and patrons' equities in Landmark, December 31, 1972

Item	Amount
	1,000 dollars
First preferred stock—$100 par value	2,124
Class A common stock (voting)—$25 par	18
Class C common stock—$50 par	1,222
Class C/L common stock—$20 par	6,656
Class D common stock—$50 par	1,165
Certificates of ownership	4,408
Allocated operating capital reserve	2,268
General reserves and unallocated surplus	2,932
Total	20,793

About 36 percent of the total capital stock and certificates of ownership represents retained patronage refunds and the remaining 64 percent was sold to member associations and others.

Table 74—Type and capacity of principal facilities owned by Landmark and its subsidiaries, December 31, 1972

Facility	Number of plants or units	Annual operating or storage capacity and unit
Supplies:		
Wholesale farm supply warehouse	1	92,000 sq. ft.
Feed mills	3	200,000 tons
Fertilizer manufacturing plant	1	90,000 tons
Seed corn processing plant	1	100,000 bushels
Retail supply facilities	7	—
Retail farm and dairy (food) stores	6	—
Marketing:		
Terminal grain elevators	5	8,900,000 bushels
Alfalfa dehydrating plants	2	12,500 tons
Egg marketing plants	3	1,300,000 cases

Landmark and subsidiaries, at the end of 1972, also had investments of $4,089,381 in federations of regional cooperatives that owned manufacturing and wholesaling facilities. In addition, it had $9,759,411 invested in subsidiaries, county Farm Bureau associations, banks for cooperatives, and other companies and organizations.

On December 31, 1972, Landmark and subsidiaries had 1,235 employees. Of these, 453 were engaged in general and administrative activities, 464 in manufacturing and wholesaling operations, 150 in retail distribution, and 168 in processing and marketing farm products.

Note: The association states that: "This report may be based in whole or in part on estimates believed to be reasonably accurate for the statistical purposes of the inquiring agency when made. Such estimates are not facts or admitted to be such, and any representation to the contrary is expressly disclaimed."

Farmers Union Grain Terminal Association

Farmers Union Grain Terminal Association (GTA) with headquarters at St. Paul, Minn., began operations June 1, 1938. It is primarily a grain marketing and processing regional cooperative. It supplies feed to many local cooperatives in Minnesota, North Dakota, South Dakota, and Montana and to a few in adjoining States. It also furnishes feeds and other farm supplies to individual producers through its own line of elevators and feed mills in Minnesota, Montana, and the Dakotas. Finally, it sells building supplies through its own lumber yards to individuals and builders and to a few local cooperatives in these four States plus Iowa, Nebraska, and northern Illinois, and constructs buildings for individuals as well.

Membership in GTA consists of affiliated local elevator associations, patrons' associations, and individuals who are producers of farm products. Membership is applied for and acquired by patronizing GTA and agreeing to a written notification and copy of the bylaws providing for consent to take patronage allocations into income. GTA does not issue capital stock.

On May 31, 1973, GTA had the following types and number of members:

(1) 428 affiliated associations (independent local cooperatives) that marketed at least 10 percent of their agricultural products through GTA during the preceding year, or purchased the major portion of their farm production supplies through GTA during the preceding year; or if they did not meet these two criteria, they purchased from GTA "substantially all" of their needs of those supplies or products that are available from GTA.

(2) 273 patrons' associations (formed around each of 157 line elevators and 116 lumber yards owned by GTA) with some 77,423 members, which includes considerable duplication.

No individuals, who as members or patrons of these two groups of associations, exercised their option to attend the last annual meeting in person and cast their individual ballots, a right set forth in the bylaws of the organization.

In addition, GTA served about 150 nonmember local cooperatives last year. None of the member or nonmember cooperatives were under management agreements with GTA, but about 40 of the affiliates were financed through GTA.

Each affiliated association is entitled to one vote for each currently active patron, with a minimum of 200 votes and a maximum of 2,000 votes, except that number of votes above 200 is limited by applying the percentage of its grain marketings which go through GTA during the period in question to the number of its currently active patrons.

Each patron association is entitled to one vote for each currently active patron with a minimum of 200 votes and a maximum of 2,000 votes with no further limit since all of its marketings are through GTA.

Such votes by affiliated associations and patrons' associations are cast by elected delegates, with each association entitled to one delegate for each 200 votes or major fraction thereof which it holds.

Each "individual" member or patron is entitled to one vote to be cast in person, or by mail on specified proposals, at annual or special meetings of GTA, provided he follows procedures set forth in the bylaws before the meeting.

GTA has a board of 13 directors who are elected by the delegates from their State, for staggered terms of 3 years. Distribution by States is determined by the share of the State in cumulative bushels of grain shipped since the organization of GTA, with no State having more than five directors. At present there are five directors from North Dakota, three each from Minnesota and Montana, and two from South Dakota.

GTA is independent of the State Farmers Union organizations in the area it serves. It does, however, annually prorate 5 percent of its net savings, before any distribution to patrons, among these State organizations to promote and organize cooperatives and to carry on cooperative education.

GTA has no majority or wholly owned sub-

sidiaries. On June 1, 1971, three related companies—Froedtert Malt Corporation, Great Plains Supply Co., and Honeymead Soybean Co.—were merged into the organization.

Grain marketing and processing is the principal business of GTA, with sales of grain and processed grain products other than feeds furnished to members and patrons totaling $505.0 million in fiscal 1973, and $333.1 million in fiscal 1972. This compares with total revenues of $580.3 million and $394.7 million for 1973 and 1972 fiscal years. These sales came from 286,067,291 bushels handled in fiscal 1973 and 201,535,471 bushels in fiscal 1972.

In addition to grain sales, revenues from services were $8.8 million in fiscal 1973 and $11.0 million in fiscal 1972. These revenues were from grain storage and handling, feed grinding, and other custom services, and from sales commissions and interest on funds extended to local cooperatives to buy grain.

Sales of feed, building materials, and other supplies totaled $66.5 million in fiscal 1973 and $50.7 million in 1972 as indicated in table 75.

Table 75—Value of feed, building materials, and other supply sales (partly at wholesale and partly at retail) by GTA, fiscal years ended May 31[1]

Item	1973	1972
	1,000 dollars	
Feed	28,378	20,784
Seed	1,937	1,508
Fertilizer	3,934	2,268
Pesticides	461	334
Petroleum	278	248
General farm supplies	2,019	1,484
Building materials and hardware	29,127	23,420
Total[1]	66,498	50,697

[1] Consists of these types: (a) Estimated retail sales by GTA feed division, line elevators, and Great Plains lumber yards were about $41.0 million in fiscal 1973 and $31.9 million in fiscal 1972; (b) estimated wholesale sales by Feed and Great Plains Supply Divisions to local cooperatives, other firms, and outside contractors (exclusive of feed sold to Line Elevator Division) totaling about $25.5 million in fiscal 1973 and $18.8 million in fiscal 1972.

The total quantity of feed sold by GTA was 221,531 tons in fiscal 1973 and 186,142 tons in 1972.

Total net savings from all GTA operations and their distribution for the last 2 years are shown in table 76. Net savings, before estimated income taxes, on feed and supplies (Feed Division, Great Plains Supply Division, and feed and supply operations of the line elevators) totaled $336,919 in fiscal 1973 and $2,101,052 in fiscal 1972. Savings were lower in 1973 due to a substantial loss on feeds contracted in advance with members at prices below eventual costs of ingredients, especially protein meals.

Table 76—Net savings, before income taxes, and their distribution by GTA, fiscal years ended May 31

Distribution	1973	1972
	Dollars	
Income taxes	450,000	700,000
Cash dividends on preferred capital certificates	62,841	62,873
Patronage refunds in cash or equivalent	1,350,000	1,200,000
Capital equity certificates	3,875,310	3,983,986
Additions to capital reserves	637,572	660,762
Total	6,375,723	6,607,621

In addition, GTA redeemed in cash $787,802 worth of capital certificates—mostly held by estates of deceased patrons—in fiscal 1973 and $1,272,109 worth of such certificates in 1972. The association does not operate on a revolving capital basis. (Ten-year revolving certificates issued by Great Plains Supply Co., for many years have all matured, but amounts not claimed by owners are carried as a liability in the balance sheet.)

In the 35 years (1938-73) since organization, GTA's total savings before income taxes, in round figures, have been $102 million. Of this, $32 million has been paid in cash to shareholders or patrons, or to their estates. This amount went to pay 20 percent of the refunds on current patronage beginning with 1951, to redeem equity certificates or stock issued for patronage savings, and to pay dividends on preferred capital certificates.

Payment of income taxes due of $1 million left a net worth of $69 million in member capital on May 31, 1973. This was made up of $59.5 million in capital equity certificates, $1.0 million in outstanding 6 percent preferred capital certificates, and $8.5 million in

capital reserves, mostly allocated to individual patrons of GTA or its affiliated local cooperatives.

The financial position, net worth (capital) items, and principal facilities of GTA are shown in tables 77-79.

GTA, at the end of fiscal 1973, also had investments of $8,479,584 in federations of regional cooperatives that owned marketing or supply facilities. This included GTA's share of terminal elevators at St. Louis, Mo., and Ama, La., with total capacity of 7,800,000 bushels—not included in storage figures given in table 79.

On May 31, 1973, GTA had 2,889 employees. Of these, 319 were engaged in general and administrative activities, 801 were in grain marketing and processing (exclusive of line elevator), 656 were in line elevators, 358 were in feed manufacturing, and 755 were in the distribution of building supplies (lumber yards).

Table 77—Condensed balance sheet of GTA, May 31

Item	1973	1972
	1,000 dollars	
Assets:		
Current	152,346	80,686
Fixed (net)	58,272	58,275
Other	8,905	8,529
Total	219,523	147,490
Liabilities and net worth:		
Current liabilities	126,945	54,974
Long-term liabilities	23,349	27,001
Capital (net worth)	69,229	65,515
Total	219,523	147,490

Table 78—Net worth or capital of GTA, May 31, 1973

Item	Amount
	Dollars
Preferred capital certificates (6%)	1,047,300
Capital equity certificates	54,194,270
Patronage dividends payable in capital equity certificates	5,425,723
Capital reserve	8,561,660
Total	69,228,953

Southern Farmers Association

Southern Farmers Association (SFA), with headquarters in North Little Rock, Ark., was organized in 1945. It was organized as the Arkansas Farm Bureau Cooperative, but is now independent of any farm organization in the State. On June 30, 1973, SFA served 83 local member associations which operated 100 retail outlets, and 4 nonmember local cooperatives. These outlets served about 60,000 members; about 85 percent were farmers. None of the member cooperatives were under management or supervision agreements with SFA. The association has no subsidiaries.

Membership in SFA is limited to local cooperatives and is obtained by purchasing a $100 share of common voting stock and agreeing to the provisions of the bylaws. Each member association has only one vote.

Table 79—Type and capacity of principal facilities owned by GTA, May 31, 1973

Facilities	Number of plants or units	Annual operating or storage capacity and unit
Supplies:		
Feed mills	12	Dry 159,000 tons/8-hr. Liq. 130,000 tons/8-hr.
Lumber yards	116	—
Marketing:		*Storage*
Line elevators	157	26,362,000 bus.
Terminal elevators	6	28,700,000 do.
Subterminal elevators	3	1,900,000 do.
Grain marketing offices	7	—
Durum wheat mill	1	200,000 do.
Malt plants	3	9,030,000 do.
Soybean plant	1	4,000,000 do.
Linseed oil plant:		
Flaxseed Sunflowerseed	1	2,500,000 do. 625,000 do.

SFA has 14 directors. Of these, 12, or two from each of six districts, are elected for staggered terms of 3 years. In addition, one director is elected for a term of 1 year from the district purchasing the largest dollar volume from SFA during the preceding year, and one director is elected for 1 year who shall be the president of the managers' association.

Supplies sold at wholesale and net margins realized by SFA during the last 2 years are shown in tables 80 and 81.

Table 80—Wholesale value of supplies sold by SFA, fiscal years ended June 30

Commodity	1973	1972
	1,000 dollars	
Feed (direct and warehouse)	10,140	8,372
Seed	4,784	3,300
Farm chemicals	8,769	6,900
Fertilizer	13,894	11,748
Petroleum products	5,055	3,882
Tires, batteries, and accessories	3,381	3,134
Animal health products	742	622
Steel products	2,904	2,118
Farm equipment (general)	1,818	1,420
Hardware	1,660	225
Twines	277	225
Total (net)	53,424	43,460

Volume in fiscal 1973 included 111,725 tons of mixed feed, 215,520 tons of fertilizer, and 31,000,000 gallons of refined fuels. Volume in 1972 consisted of 114,087 tons of mixed feed, 185,095 tons of fertilizer, and 26,000,000 gallons of refined fuels.

Table 81—Net savings available to patrons (before dividends on preferred stock) and their distribution by SFA, fiscal years ended June 30

Distribution of net margins	1973	1972
	Dollars	
Cash dividends on preferred stock	27,721	32,495
Cash discount program	321,192	272,383
Cash patronage refunds	2,555,048	2,133,169
Patronage refunds issued in preferred stock	858,490	620,000
Additions to capital reserves	53,060	10,460
Total	3,815,511	3,068,507

The association discontinued use of its revolving capital plan in 1970.

The financial conditions, net worth items, and facilities of Southern Farmers Association are shown in tables 82-84.

Table 82—Condensed balance sheet of SFA, June 30

Item	1973	1972
	1,000 dollars	
Assets:		
Current	10,376	6,660
Fixed (net)	2,032	2,009
Other	3,496	3,082
Total	15,904	11,751
Liabilities and net worth:		
Current liabilities	7,967	4,131
Other liabilities	495	725
Net worth or member and patrons' equities	7,442	6,895
Total	15,904	11,751

Table 83—Net worth or member and patrons' equities of SFA, June 30, 1973

Item	Amount
	Dollars
Preferred stock	4,596,710
Common stock	8,300
Retained earnings	47,369
Unallocated net savings for year ended 6/30/73 (after dividends on preferred stock)	2,789,910
Total	7,442,289

Table 84—Number and capacity of principal facilities owned and operated by SFA, June 30, 1973

Facilities	Number of plants or units	Annual operating or storage capacity and unit
Farm supply warehouse	1	110,000 sq. ft.
Seed plant	1	—
Feed mill	2	150,000 tons

SFA also had $467,810 worth of investments and patrons' equities in regional cooperatives and federations of regionals that were operating various manufacturing facilities. This did not include stock in the bank for cooperatives.

On June 30, 1973, SFA had 150 employees —40 engaged in general and administrative activities, 50 in wholesale distribution and seed processing—including warehousing— and 60 in feed milling and distribution.

Farm Bureau Services, Inc.

Farm Bureau Services, Inc., (FBS), with headquarters at Lansing, Mich., was organized on October 25, 1929, to provide a cooperative wholesale supply service for farmer cooperatives in Michigan.[8]

On June 30, 1973, FBS had 94 member associations with about 230,000 members, of whom about 100 percent were farmers. It also served 147 nonmember associations (patronage agreement dealers), 50 private dealers, and 18 FBS branch retail outlets—which combined had 7,588 members. It has no subsidiaries.

FBS managed 21 member associations under management contracts and business service agreements.

Farm Bureau Services, Inc., is both a federated and a centralized cooperative. Local farmer cooperatives may become members by acquiring 100 shares of Class A common stock, with a par value of $1 a share, and agreeing to comply with the bylaws. Each share carries one vote. Michigan Farm Bureau Federation holds a majority of the outstanding shares. Membership in the local cooperatives, however, is not limited to Farm Bureau members.

Individual farmers, who are served primarily by retail branches or dealer-agents of FBS, may become members of it by acquiring one share of common stock at $1 par value, or signing a membership agreement if annual purchases of supplies exceed $200. This stock also has voting rights. There were 7,588 members on June 30, 1973.

The board of 13 directors of Farm Bureau Services, Inc., is made up of 7 members of the Michigan Farm Bureau board and 6 members elected at large by local member cooperatives. Terms of office are 2 years and 1 year, respectively.

FBS performs both wholesale and retail supply services and also markets farm products. Sales of supplies at wholesale for the last two fiscal years are shown in table 85. Sales in fiscal 1973 included 117,000 tons of feed and 128,000 tons of fertilizer. Sales in fiscal 1972 included 106,000 tons of feed and 113,000 tons of fertilizer.

Table 85—Sales of supplies by FBS's wholesale division, fiscal years ended June 30[1]

Commodity	1973	1972
	1,000 dollars	
Feed	14,283	10,675
Fertilizer	8,522	7,082
Seed	1,711	1,410
Insecticides	3,686	3,001
Steel products and general supplies and equipment	4,778	4,451
Total	33,520	26,619

[1] The Farmers Petroleum Cooperative, Inc., Lansing, Mich., a separate corporation, is under the same management as Farm Bureau Services.

Retail sales of supplies by FBS's own retail stores amounted to $15,692,000 in fiscal 1973, and $13,939,000 in fiscal 1972.

After eliminating transfers from wholesale to retail, total net supply sales of FBS were $39,058,000 in fiscal 1973, and $31,883,000 in 1972.

On November 1, 1962, Michigan Elevator Exchange, a grain and bean marketing cooperative organized on July 19, 1921, became a division of Farm Bureau Services. More than 90 percent of its members were also members of FBS. The division also operates a flour mill at Quincy, Mich. It provides an annual market for more than 1,500,000 bushels of Michigan soft white and soft red wheat and serves bakeries in the eastern two-thirds of the nation. In 1959, FBS began an egg marketing service which also includes supplying pullets to producers.

Farm products marketed in the last 2 years are shown in table 86.

Table 86—Sales of farm products by FBS, fiscal years ended June 30[1]

Commodity	1973	1972
	1,000 dollars	
Grain	65,845	34,323
Beans	23,435	19,246
Flour	3,042	2,132
Eggs	7,298	5,198
Poultry (pullets)	601	611
Total	99,221	61,510

[1] After eliminating intercompany transfers.

[8] Farm Bureau Services had its beginning in 1920 as the Seed and Supplies Department of the Michigan State Farm Bureau. In 1925 these operations were moved to 2 new corporations—Farm Bureau Seed Service and Farm Bureau Supply Service. In 1929, these were merged into Farm Bureau Services, Inc.

Sales of grain and beans by FBS's own retail stores totaled $8,501,000 in fiscal 1973 and $7,180,000 in fiscal 1972.

Total net margins from all operations after payment of interest on debentures and payment of Federal income taxes, and their distribution in the last 2 fiscal years are shown in table 87. About 32 percent of the net margins in fiscal 1973 and 148 percent in 1972 were derived from supply operations.

Table 87—Distribution of net margins of FBS, fiscal years ended June 30

Distribution	1973	1972
	Dollars	
Cash dividends on capital stock	66,744	68,238
Patronage refunds:		
Payable in cash	25,562	0
Payable in capital stock or other securities	102,201	0
Additions to capital reserves (reduction of deficit)	1,032,774	234,798
Total	1,227,281	303,036

In fiscal 1973 and 1972, FBS did not retire any stock or certificates originally issued in payment of patronage refunds. It has retired all such stock or certificates through 1950 under its revolving capital plan.

Total net margins, after Federal income taxes, since organizing in 1929 were $7,288,-445. Of this amount, the association paid $1,441,532 as cash dividends on capital stock; $120,751 as cash patronage refunds; and $5,425,520 as patronage refunds in the form of capital stock and debentures. The unallocated margins account stands at $300,642. In addition, it paid a substantial amount of interest on debentures held mostly by members.

Since organization, FBS has retired a total of $4,490,000 of capital stock and debentures under its revolving capital plan of financing.

The financial condition, net worth items, and principal facilities of FBS are shown in tables 88-90.

Table 88—Condensed balance sheet of FBS, June 30

Item	1973	1972
	1,000 dollars	
Assets:		
Current	34,983	19,779
Fixed (net)	8,462	8,683
Other	5,485	4,600
Total	48,930	33,062
Liabilities and net worth:		
Current	29,612	14,842
Noncurrent	3,580	4,123
Debentures (15-year)	9,544	8,945
Capital stock and patrons' equities	6,194	5,152
Total	48,930	33,062

Table 89—Capital stock and patrons' equities (net worth) of FBS, June 30, 1973

Item	Amount
	1,000 dollars
Capital stock and credits:	
Class A common stock	82
Class A, AAA, and B preferred stock	3,240
Patrons' equities:	
Allocated patronage refunds and other patrons' equity	2,572
Unallocated margins (deficit)	300
Total	6,194

Table 90—Type and capacity of principal facilities owned by FBS, June 30, 1973

Facilities	Number of plants or units	Annual operating or storage capacity and unit
Wholesale and manufacturing:		
Farm supply warehouses	2	50,800 sq. ft.
Feed mill	1	50,000 tons
Fertilizer manufacturing plant	1	33,000 do.
Fertilizer dry blend plants	5	12,000 do.
Regional marketing:		
Bean processing plant	2	386,000 cwt.
Grain terminal elevators	2	17,082,000 bus.
Grain plant & cob processing	1	—
Egg processing plant	1	545,000 cases
Flour mill	1	418,000 cwt.
Retail:		
Farm supply stores or warehouses	18	—

On June 30, 1973, FBS also had $1,386,593 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities.

On this date, FBS had 639 employees. Of these, 95 were engaged in general administrative work; 122 were in supply manufacturing and wholesaling, including warehousing and transportation; 255 in supply retailing; and 167 in marketing farm products.

Farmers Petroleum Cooperative, Inc.

Farmers Petroleum Cooperative, Inc., Lansing, Mich., organized on May 12, 1948, began operations on January 1, 1949. It was set up to handle the petroleum services which had been provided for many years by Farm Bureau Services, Inc., Lansing, Mich.

On August 31, 1973, Farmers Petroleum Cooperative (FPC) had 105 local cooperatives and 9,277 individual farmers as members. These member cooperatives had approximately 60,000 members, of whom about 80 percent were farmers. It had management contracts with five local cooperatives. It has no subsidiaries.

FPC sells petroleum and automotive supplies at wholesale to local cooperatives and retails such products through 11 FPC branches. These branches serve many individuals but most of their refined fuel volume is delivered in large trucks from refinery or other storage terminals direct to members' farms. FPC does not serve any nonmember associations or private dealer-agents.

Any local cooperative or individual who purchases from FPC may become a stockholder by purchasing one share of class C voting common stock (no par value), and $50 or more of class A nonvoting common stock and agreeing to comply with the bylaws. Each share of class C common stock has one vote and the Michigan Farm Bureau Federation holds a majority of the outstanding shares. Membership in the local cooperative, however, is not limited to Farm Bureau members.

FPC has nine directors, made up of five members of the Michigan Farm Bureau board and four elected at large by local member cooperatives and individuals. Their terms of office are 1 and 2 years, respectively.

Net volume of FPC during the last 2 fiscal years is shown in table 91.

Table 91—Net sales (part at wholesale and part at retail) by FPC, fiscal years ended August 31

Commodities	1973	1972
	1,000 dollars	
Liquid fuels and other supplies [1]	12,656	10,842
Crude oil	1,017	1,053
Total	13,673	11,895

[1] Includes tires, batteries, automotive supplies, and petroleum equipment.

These sales included 62,811,000 gallons of refined liquid fuels in fiscal 1973 and 57,915,000 gallons in fiscal 1972.

Retail sales by FPC branches were $6,053,000 in fiscal 1973 and $5,211,000 in 1972.

Net margins and their distribution are shown in table 92.

Table 92—Distributions of net margins of FPC, fiscal years ended August 31

Distribution	1973	1972
	Dollars	
Federal income taxes	112,000	83,000
Cash dividends on capital stock	33,759	38,413
Cash dividends on deferred patronage refunds	0	44,058
Patronage refunds:		
Payable in cash	69,791	48,363
Applied on conditional sales contracts	80,260	55,514
Payable in deferred credits	198,902	137,936
Capital reserves	52,171	13,522
Total	546,883	420,806

Total net savings of the association since beginning operations in 1949 were $7,793,827. Of this amount, the association paid $1,395,397 as dividends on capital stock and on deferred patronage credits; $4,045,154 as cash patronage refunds; $1,883,149 as patronage refund allocation credits; and placed $470,127 in general capital reserves. In addition, the association paid, as expenses, $1,446,035 of interest on debentures held by members.

In fiscal 1970, FPC acquired 450 barrels

per day of additional crude oil production in Oklahoma, with various working interests in 84 wells, thus boosting oil production to 36 percent of its daily requirements. At the end of fiscal 1973, crude oil production approximated 20 percent of daily requirements.

The financial position, net worth items, and principal properties of FPC are shown in tables 93-95.

Table 93—Condensed balance sheet of FPC, August 31

Item	1973	1972
	1,000 dollars	
Assets:		
Current	2,377	2,039
Fixed (net)	3,764	3,935
Other	1,262	1,364
Total	7,403	7,338
Liabilities and net worth:		
Current	1,823	1,446
Noncurrent	960	1,432
Debentures	1,894	1,778
Capital stock and patrons' equities	2,726	2,682
Total	7,403	7,338

Table 94—Capital stock and patrons' equities of FPC, August 31, 1973

Item	Amount
	1,000 dollars
Capital stock:	
Class A common (nonvoting)	517
Class C common (voting)	29
Patrons' equities:	
Deferred patronage refunds	1,710
Capital reserves	470
Total	2,726

FPC called $155,240 of class A stock for redemption in fiscal 1973 and $160,480 in fiscal 1972.

Table 95—Type and capacity of principal properties of FPC on August 31, 1973

Properties	Capacity or quantity and unit
Wholesale warehouse	1,488 sq. ft.
Oil wells (in which FPC has working interests)	357
Developed crude oil leases	14,280 acres
Retail branches	11

FPC also had $163,308 invested in capital stock and patronage refund credits in other cooperatives which operated manufacturing and wholesaling facilities.

On August 31, 1973, FPC had 132 employees. Of these, 14 were engaged in general and administrative work; 19 in wholesale distribution, including warehousing and transportation; 92 in retail distribution; and 7 in crude oil production, buying, and transportation.

Western Farmers Association

Western Farmers Association (WFA), with headquarters in Seattle, Wash., was organized in February, 1917, as the Washington Cooperative Egg and Poultry Association. Its name was changed in February, 1945, to Washington Co-Operative Farmers Association when membership and services were broadened. The name was changed again in February, 1960, to Western Farmers Association when it extended services to many Oregon and Idaho Farmers.

WFA is a centralized, integrated cooperative with commercial farmers as member-patrons and suburban-rural residents as patrons.

Anyone engaged in producing farm products in commercial quantities can become a regular member by paying a $1 fee at the time of joining. Each such active member has one vote in the election of a director and can use any or all services offered by WFA. Those wishing to market farm products sign marketing agreements covering the specified commodities marketed.

Other patrons can use the services of WFA, but do not have a vote in director elections.

The association has 17 directors, 16 of whom are elected by districts for staggered terms of 3 years, and one appointed by the Washington State Director of Agriculture to represent the public. Patrons are served through 48 branches and dealers in Washington, 10 branches and dealers in Oregon, and 4 branches and processing plants in Idaho.

Branches and dealers, through the Member Services Division, handle poultry and live-

stock feeds, hay, petroleum products, fertilizers and farm chemicals, and general farm and home supplies. Most feeds are delivered direct to farms in bulk; and gasoline, LP gas, and heating oils are handled on "keep-full" routes with customers.

Lynden Farms, Incorporated, the marketing division of WFA, processes and markets poultry products, potatoes, and vegetables. Plants to process these food items are located in Washington, Oregon, and Idaho. Lynden Farms is the proprietary brand, although considerable of the output is marketed under private label.

The Commodities Division handles and markets grains for domestic and export consumption, seed potato marketing, turf and pasture seed marketing, and dry edible bean marketing. This is accomplished through operation of river grain terminals and barges, a country elevator system, two seed mills, and one bean processing plant.

The audited statement of operations for the year ended May 31, 1973, show total revenues of $135,209,000. Costs and expenses totaled $136,137,000. Revenues include agricultural products marketed of $80,094,000; farm supply sales, including feed, fertilizer and petroleum of $52,719,000 and other revenue from miscellaneous sources of $2,396,000. The net loss from the association's marketing operations (after offsetting the amounts withheld) and the farm supply operations which had margins of $1,031,000 amounted to $928,000. When certain nonrecurring charges are excluded, the total loss for the year was reduced from $103,000 to $79,000. The working capital of the association increased by about $712,000 during the year.

Renewed efforts are now underway to plan for the future of Western Farmers Association. This program has come to be known as Forward Planning.

In order to review and determine which of Western Farmers Association's many varied business operations best serve the farmer and have potential for future growth and satisfactory performance, management has undertaken an operational review and 3-year forecast of the association's 10 major business activities, as well as 9 minor business activities. Management has enlisted the experience and counsel of people from several large and successful cooperatives across the country, as well as experienced people from specialized fields of law, accounting, and finance to provide their expertise in this most important project.

Planning for the future is one of the most important activities in which WFA management is engaged. These efforts are directed to once again making WFA a healthy company, serving Pacific Northwest agriculture. The planning is being done in a way to provide the most fair and equitable treatment possible for all interested parties—Finance Fund Certificate holders, creditors, growers, member service patrons, and all members generally.

Pacific Supply Cooperative

Pacific Supply Cooperative, commonly known as Pacific or Pacific Cooperatives, with headquarters at Portland, Oreg., was organized December 10, 1933. On June 30, 1973, it had 82 member associations located mainly in Oregon, Washington, and Idaho, with a few in northern California, western Montana, and western Wyoming. Based on cooperative statistics for this area, these associations had about 82,000 members; 95 percent or more were farmers. PSC also served 39 nonmember associations.

In addition, Full Circle, Inc., a wholly-owned subsidiary of Pacific, operated 12 retail farm stores, 2 local seed and bean plants and 3 grain elevators with 15,892 farmer-members.

In November, 1969, Pacific amended its articles and bylaws to provide for both individual producers and cooperatives to be members. A member cooperative must purchase a minimum of 100 shares of class A common membership stock at $10 a share. Also, each member cooperative must purchase additional class A stock annually in an amount equal to 20 percent of annual net margins allocated to it by Pacific until it owns $10,000 worth of such stock.

Each member cooperative appoints a voting delegate who is entitled to a minimum of one vote and a maximum of 11 votes. He is entitled to one vote for each $100,000, or part thereof, in purchases from Pacific plus one vote for each $100,000, or part thereof, of Pacific's capital reserve certificates and recorded credits; provided that no member cooperative shall be entitled to more than 5 votes on the basis of such purchases and to more than 5 votes on the basis of holdings of such reserve certificates and recorded credits.

Individual farmers become members of Full Circle, Inc., by paying a $1 membership fee which entitles them to receive patronage refunds. Advisory committees appointed by the Full Circle board function around local facilities.

The bylaws of Pacific provide for eight directors, with seven elected on a district basis for staggered terms of 3 years. One director is elected at large for a term of 3 years.

Pacific also has an advisory committee of 10 farmer-members prominently identified with the farming community. They are appointed by the chairman of the board of directors, with the advice and consent of the directors of the nominating districts.

Pacific has three wholly owned subsidiaries: (1) Pacific Agricultural Credit Corporation, set up in 1965 to provide production loans to commercial farm operators in the Northwest. Loans outstanding on June 30, 1973, totaled $6,199,395. Its operations are not consolidated in statements of Pacific; (2) Pacific Data Services, Inc., a division from 1965 until July 1, 1971, provides electronic data processing services for Pacific and 35 of its member associations; and (3) Full Circle, Inc., formed July 1, 1972, to conduct retail supply and local marketing operations.

Pacific's sales of farm and home supplies to patrons and farm products marketed for patrons are shown in tables 96-98. Wholesale and retail sales of supplies totaled $51,351,000 in fiscal 1973 compared with $43,763,000 in 1972. Sales of farm products marketed by Pacific and its marketing subsidiary totaled $16,064,000 in 1973 and $12,329,000 in 1972.[9]

Wholesale volume in fiscal 1973 included 307,093 tons of fertilizer and 72,911,544 gallons of refined fuels. Sales in fiscal 1972 included 271,174 tons of fertilizer and 66,822,387 gallons of fuels.

Retail sales of farm supplies by Full Circle, Inc., totaled $13,553,337 in fiscal 1973 and $8,173,739 in 1972.

Table 96—Supplies distributed at wholesale by Pacific, fiscal years ended June 30

Commodity	1973	1972
	1,000 dollars	
Feed grains	1,900	3,313
Fertilizer	13,691	12,278
Seed	1,382	918
Gas, oil, grease, and fuel oil	8,795	8,389
Tires, tubes, and other automotive supplies	1,846	1,900
Insecticide and chemicals	3,343	3,157
Hardware and farm mechanical items [1]	5,212	4,102
Miscellaneous supplies [2]	278	263
Subtotal	36,447	34,320
Transportation and service revenue	1,351	1,269
Total	37,798	35,589

[1] Includes small hardware, steel products, baling wire and twine, pumps, and irrigation equipment.
[2] Includes data processing sales.

Table 97—Gross sales of farm products marketed by Pacific, fiscal years ended June 30

Commodity	1973	1972
	1,000 dollars	
Seed	6,058	5,127
Grain	4,146	6,159
Total (Excludes Full Circle)	10,204	11,286

Sales of farm products marketed by Full Circle, Inc., totaled $5,859,698 in fiscal 1973 and $1,042,820 in fiscal 1972.

Total net margins and their distribution during the last 2 years are shown in table 99. About 100 percent of the net margins in fiscal 1973 and 1972 were derived from supply operations.

Total net savings available to patrons, after income taxes but before dividends on capital

[9] Such supply sales were slightly larger than those reported in Pacific's annual report, and marketing sales were correspondingly lower, because of the manner of accounting for grain marketed that was later wholesaled as feed grain.

Table 98—Net margins and their distribution by Pacific, fiscal years ended June 30[1]

Distribution of net margins	1973	1972
	Dollars	
Provision for income taxes	410,368	8,866
Patronage refunds paid in:		
Cash or equivalent	383,925	239,933
Capital fund credits	1,077,121	601,949
Common stock and credits	10,848	12,456
Retained earnings—unallocated	419,298	16,142
Undistributed earnings of wholly owned subsidiary	10,997	11,383
Total	2,312,557	890,729

[1] Before payment of dividends on stock and interest on other certificates.

stock and interest on capital reserve certificates, since organizing in 1933 and through June 30, 1973, were $25,439,419. They were distributed as follows: Cash dividends on capital stock and interest on capital reserve certificates, $2,690,308; cash patronage refunds, $3,092,514; patronage refunds issued as capital stock and stock credits, $865,669; patronage refunds issued as capital fund credits, contract membership equities, and capital reserve certificates, $16,631,287; general reserves and retained earnings, $1,071,672; and undivided net margins, $1,087,969.

The amount of the above member equities (capital fund credits, capital reserve certificates, and common stock issued from refunds) that has been retired (paid in cash or equivalent) totaled $3,832,304.

In the forepart of 1970, Pacific converted all of its outstanding preferred stock (about $3 million) into certificates of indebtedness; and it converted about $1.7 million worth of common stock and $7.5 million worth of capital reserve certificates into capital fund credits.

The amounts of such equities redeemed, or authorized to be redeemed, in the last 2 years were as follows: certificates of indebtedness, $96,525 in fiscal 1973 and $179,850 in 1972; capital fund credits, $455,000 in 1973 and $200,000 in 1972; and common stock and allocated equities redeemed and adjusted, $223,836 in 1973 and $370,415 in 1972.

The financial position, net worth items, and principal facilities of Pacific are shown in tables 99-101.

Table 99—Condensed balance sheet of Pacific, June 30

Item	1973	1972
	1,000 dollars	
Assets:		
Current	19,064	16,681
Fixed (net)	7,358	7,460
Other and investments	2,791	3,913
Total	29,213	28,054
Liabilities and net worth:		
Current	10,463	11,787
Other	5,982	4,339
Net worth or member and patron equities	12,768	11,928
Total	29,213	28,054

Table 100—Member equity (capital accounts) of Pacific, June 30, 1973

Item	Amount
	1,000 dollars
Common stock—class A	549
Common stock—class B	70
Capital fund credits	9,977
Capital reserve certificates issued 1950-69	532
Undistributed earnings of a wholly owned subsidiary	81
Other allocated equities	14
Retained earnings (unallocated)	457
Undivided margins—to be allocated	1,088
Total	12,768

Table 101—Principal facilities owned by Pacific, June 30, 1973

Facility	Number of plants or units
Wholesaling and manufacturing:	
Farm supply warehouses	2
Fertilizer warehouses	4
Wholesale seed plants	3
Liquid fertilizer plants (at locals)	29
Petroleum tank farm	1
Retailing and marketing by Full Circle, Inc.:	
Retail stores	13
Seed and bean plants	3
Grain elevators	3
Facilities leased to local co-ops	21

On June 30, 1973, the association also had an investment of $460,626 in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

On this date, Pacific had 477 employees. Of these, 139 were engaged in general administrative activities, 59 were in manufacturing, processing, and wholesaling, including warehousing and transportation; 245 were in retailing by Full Circle, Inc., and 34 were in marketing farm products.

Organizational Aspects

Table 102—Date of organization

Seven cooperatives were organized from 1917 to 1929; 10 from 1931 to 1948; and 2 mergers from 1962 to 1964.

Year organized	Number of associations organized	Year organized	Number of associations organized
1917	1	1934	1
1921	[1] 1	1935	1
1923	1	1936	2
1926	[2] 1	1945	2
1927	1	1948	1
1929	2	1962	[3] 1
1931	1	1964	[4] 1
1933	2	Total	19

[1] Represents 2 merged cooperatives originally organized in 1914 and 1921.
[2] Represents 2 merged cooperatives originally organized in 1917 and 1926.
[3] Represents 4 merged cooperatives—2 originally organized in 1927 and 2 in 1937.
[4] Represents 3 merged cooperatives originally organized in 1918, 1920, and 1934.

Table 103—Number of members at end of 1972 or 1973 business year

These regional co-ops directly served more than 500,000 farmers and 5,750 local co-ops.

Type of member	Total	Cooperatives reporting
	Number	
Local cooperatives with direct membership in regional cooperatives	5,754	16
Individuals with direct membership in regional cooperatives [1]	552,259	11
Individual members of above local cooperatives (estimated) [2]	3,048,000	—

[1] More than 99 percent were reported to be producers of agricultural products.
[2] About 93 percent or 2,837,450, were estimated to be producers of agricultural products. This total includes some duplication.

Table 104—Financial requirements for membership in 1972/73

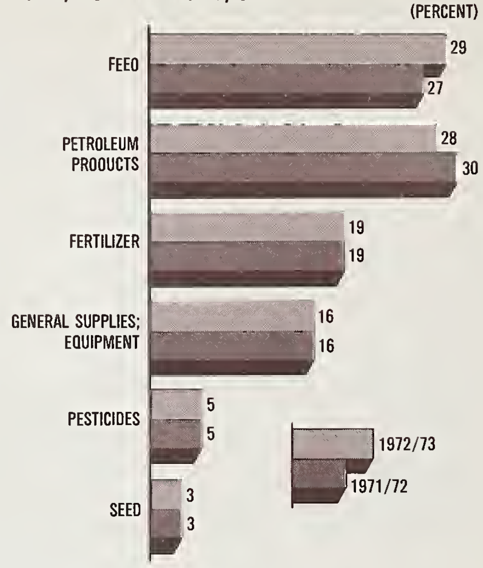
Requirements for local co-ops ranged from 0 to $1,000; for farmers, from 0 to $25.

Requirements	For cooperatives	For farmers	Total co-ops reporting
	Number of cooperatives		
Capital stock:			
One no-par value share of common stock	1	----	1
One no-par value share of class C common stock and $50 worth of nonvoting common stock	1	1	1
One $1 share of common or preferred stock	----	2	2
One $25 share of common stock	3	1	4
One $100 share of common stock	3	----	3
One hundred $1 shares of common stock	1	----	
One $1 share of common stock, or signed membership agreement if annual purchases of supplies exceed $200	----	1	1
Forty $5 shares of common stock	1	----	
One $1 share of preferred stock	----	1	1
One $1,000 share of class A or B common stock	1	----	1
One $1,000 share of class A common stock	1	----	
One $1 share of class B common stock	----	1	1
One hundred $10 shares of class A common stock		----	
One $1 membership fee	----	1	1
Membership fee:			
$1 for subscription to membership publication and marketing agreement for marketers	----	1	1
Patronage only:			
Patronize cooperative and be a farmer or farmer co-op	1	1	1
Patronize cooperative and be a farmer or farmer co-op and receive membership certificate	1	1	1
Total [1]	15	11	19

[1] 7 of the 19 cooperatives had membership requirements for both local cooperatives and farmers.

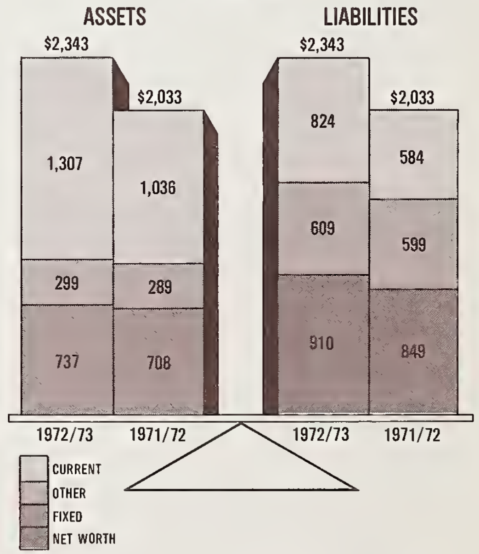
SUMMARY DATA OF NINETEEN MAJOR REGIONAL COOPERATIVES

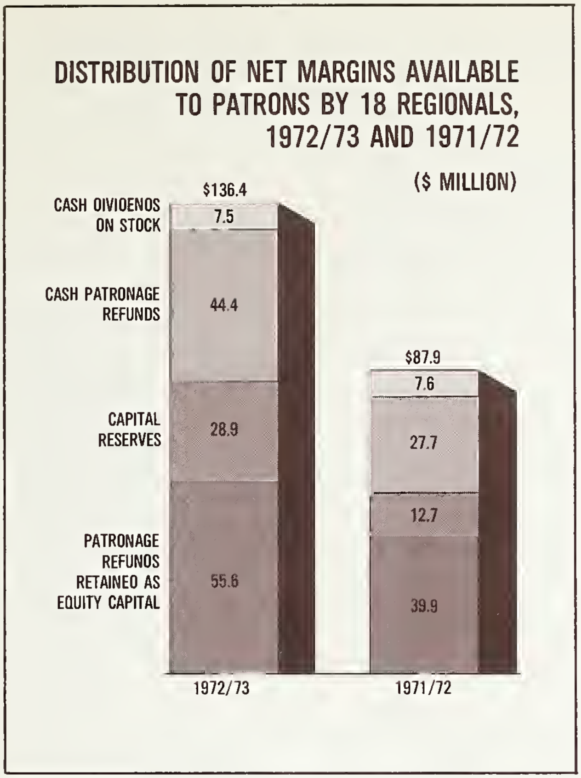
MAJOR TYPES OF SUPPLIES HANDLED BY 19 REGIONAL COOPERATIVES, 1972/73 AND 1971/72

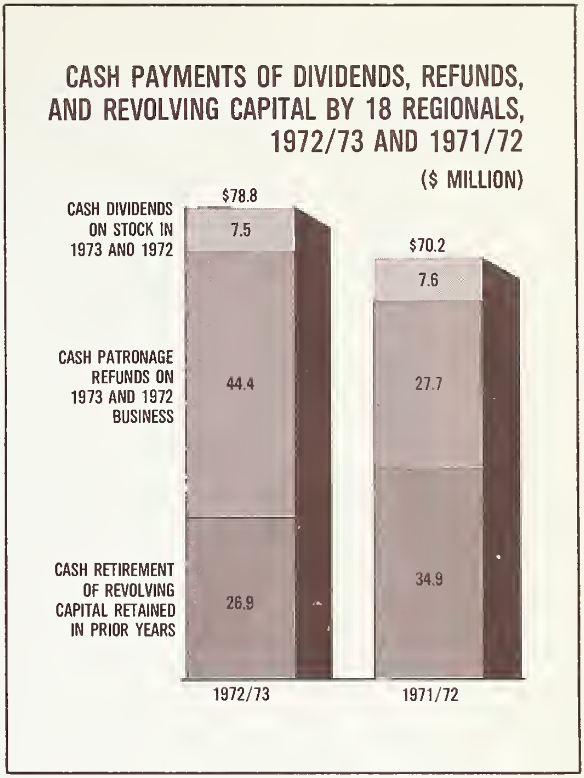


BALANCE SHEET OF 18 REGIONAL COOPERATIVES, END OF 1972/73 AND 1971/72

($ MILLION)




DISTRIBUTION OF NET MARGINS AVAILABLE TO PATRONS BY 18 REGIONALS, 1972/73 AND 1971/72
($ MILLION)
$136.4
CASH DIVIDENDS ON STOCK
7.5
CASH PATRONAGE REFUNDS
44.4
CAPITAL RESERVES
28.9
PATRONAGE REFUNDS RETAINED AS EQUITY CAPITAL
55.6
$87.9
7.6
27.7
12.7
39.9
1972/73
1971/72


CASH PAYMENTS OF DIVIDENDS, REFUNDS, AND REVOLVING CAPITAL BY 18 REGIONALS, 1972/73 AND 1971/72
($ MILLION)
$78.8
CASH DIVIDENDS ON STOCK IN 1973 AND 1972
7.5
CASH PATRONAGE REFUNDS ON 1973 AND 1972 BUSINESS
44.4
CASH RETIREMENT OF REVOLVING CAPITAL RETAINED IN PRIOR YEARS
26.9
$70.2
7.6
27.7
34.9
1972/73
1971/72

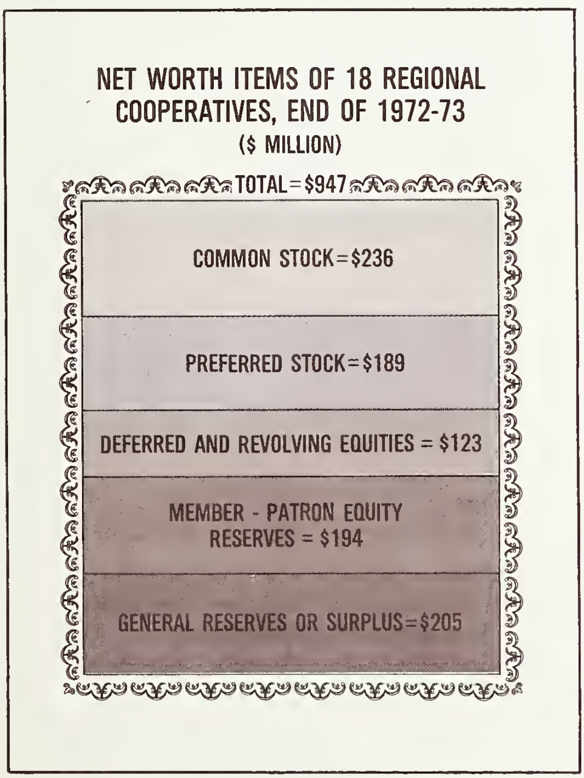

NET WORTH ITEMS OF 18 REGIONAL COOPERATIVES, END OF 1972-73
($ MILLION)
TOTAL = $947
COMMON STOCK = $236
PREFERRED STOCK = $189
DEFERRED AND REVOLVING EQUITIES = $123
MEMBER - PATRON EQUITY RESERVES = $194
GENERAL RESERVES OR SURPLUS = $205

Table 105—Voting provisions in 1972/73

One third of regional co-ops provided for only one vote by member locals but more than two-thirds had this provision for member farmers.

Provision	For each member cooperative	For each member farmer
	Number of cooperatives	
One vote only	5	8
One vote per share of capital stock [1]	5	3
One vote plus additional votes based on volume of purchases	2	0
One vote plus additional votes based on volume purchased and on equities held [2]	1	0
One vote for each farmer-member of local cooperatives	1	0
One vote for each farmer-member of local member-co-op with total votes limited by percentage of local's patronage last year [3]	1	0
Total [4]	15	11

[1] Cooperative statutes in a few States permit voting on basis of stock ownership.
[2] Bylaws provide for a maximum of 5 votes.
[3] Bylaws provide for a maximum of 2,000 votes.
[4] A total of 19 cooperatives reported; thus 7 had both farmers and cooperatives as members.

Table 107—Number and type of employees at end of 1972/73 [1]

Regional co-ops had more than 45,000 employees with one-third in wholesaling and manufacturing.

Type of activity	Total number	Percent of total
General and administrative	9,641	21.2
Wholesaling, manufacturing, and processing	15,178	33.4
Local retailing and marketing	7,734	17.0
Marketing and processing farm products	12,930	28.4
Total	45,483	100.0

[1] 18 cooperatives.

Members elected all their directors in 10 associations. Five had some directors appointed, nominated, or elected by general farm organizations: and six had some public directors appointed by the board or by public agencies. Sixteen associations elected directors for 3-year terms; two elected them for 2-year terms; and one elected them for 1-year terms. Four associations had their public directors appointed for 3 years; two had them appointed for 1-year terms.

Table 106—Number of directors and method of selection in 1972/73

Cooperatives had from 8 to 36 elected directors. Ten had one or more appointed by farm organizations or public agencies .

Method of election or appointment				
Elected directly by members	Appointed, nominated, or elected by general farm organizations	Appointed public directors by board of directors or by public agencies	Total	Total cooperatives reporting
8	0	0	8	1
7	0	1	8	1
9	0	0	9	1
4	5	0	9	1
11	0	0	11	1
10	0	1	11	1
13	0	0	13	1
6	7	1	13	1
14	0	0	14	1
15	0	0	15	1
15	0	0	15	1
10	0	5	15	1
11	3	1	15	1
13	3	0	16	1
16	0	1	17	1
18	0	0	18	1
22	0	0	22	1
0	26	0	26	1
36	0	3	39	1
238	44	12	294	19

Table 108—Type and number of retail supply outlets served in 1972/73

More than 60 percent of retail outlets were local cooperatives

Type of retail outlet	Number
Local member cooperatives: [1]	
Not managed or supervised by regionals	5,728
Managed or supervised by regionals	527
Local nonmember cooperatives [1]	1,000
Local subsidiary service stores and branches of regionals	1,059
Independent service agencies or dealer-agents	924
Total	9,238

[1] Includes some duplication among regional cooperatives. The local cooperatives also have a number of branch outlets in other communities.

Operating Results

Table 109—Fiscal year endings in 1972/73

More than two-thirds of the cooperatives close their year on a fiscal basis

Date	Number of associations
May 31	3
June 30	7
July 31	1
August 31	3
December 31	5
Total	19

Table 110—Types of supplies distributed (part at wholesale and part at retail) [1]

Feed and petroleum were largest volume items—accounting for about 56 percent of total.

Commodity group	1972/73 Amount	1972/73 Percentage of total	1971/72 Amount	1971/72 Percentage of total	Percentage increase in sales	Cooperatives reporting in 1972/73
	1,000 dollars	*Percent*	*1,000 dollars*	*Percent*	*Percent*	*Number*
Feed	880,840	28.4	709,500	27.1	24.1	17
Petroleum products	871,078	28.1	782,062	29.9	11.4	16
Fertilizer	594,252	19.2	501,100	19.1	18.6	17
Pesticides and farm chemicals	157,297	5.1	137,956	5.3	14.0	15
Seed	88,036	2.8	67,955	2.6	29.6	16
General farm and home supplies & equipment	506,963	16.4	420,265	16.0	20.6	18
Total	3,098,466	100.0	2,618,838	100.0	18.3	17
Types of general farm and home supplies and equipment:						
Automated farm equipment [2]	37,939	7.5	31,104	7.4	22.0	6
Tires, tubes, batteries, auto accessories	44,136	8.7	41,989	10.0	5.1	8
Building and maintenance supplies	37,515	7.4	30,109	7.2	24.6	2
Plant equipment—mostly oil and fertilizer	11,385	2.3	8,818	2.1	29.1	2
Steel products and hardware	33,689	6.7	28,648	6.8	17.6	5
Groceries and clothing	20,730	4.1	19,362	4.6	7.1	1
Chicks, turks, poults, hatchery eggs	17,476	3.4	14,515	3.5	20.4	3
Electrical equipment and appliances	2,747	0.5	2,337	0.5	17.5	1
Transportation service	6,245	1.2	3,913	0.9	59.6	4
Unclassified general supplies [3]	295,103	58.2	239,470	57.0	23.2	17
Total	506,963	100.0	420,265	100.0	20.6	18

[1] 18 cooperatives. Figure 1 also shows major types of sales.
[2] Includes small amounts of farm machinery sales by two associations.
[3] Includes twine, containers, coal, animal health supplies, office supplies, and lawn, garden, farm, and home supplies; and in some cases other items listed in this section of the table.

Table 111—Sales of farm products[1]

Grain was principal product marketed by the cooperatives.

Farm product	1972/73	1971/72	Co-ops reporting, 1972/73
	1,000 dollars		*Number*
Grain, soybeans, rice	1,093,587	806,607	11
Peanuts	97,341	84,487	1
Fruits & vegetables—processed	71,209	66,995	1
Fruits & vegetables—fresh	10,173	10,618	1
Beans (dry edible)	25,850	21,836	2
Cotton	99	2,050	1
Tobacco	1,244	1,587	1
Seed	6,058	5,127	1
Pecans	7,077	7,734	1
Flour	3,042	2,132	1
Subtotal—crops	1,315,680	1,009,173	11
Poultry (mostly broilers)	254,793	216,769	7
Eggs	72,609	50,631	6
Livestock & products	275,052	228,231	3
Wool	343	297	1
Fish	1,019	1,116	1
Unitemized	485,009	494,800	2
Subtotal—animal products	1,088,825	991,844	10
Less interdepartmental sales	10,311	10,994	1
Total	2,394,194	1,990,023	14

[1] 14 cooperatives provided marketing services.

Table 112—Quantities of feed, fertilizer, and petroleum fuels sold in 1972/73

Items	Number of co-ops	Sales and units
Feed	17	8,012,000 tons
Fertilizer	17	9,016,000 tons
Petroleum fuels	16	4,870,213,000 gallons

Table 113—Retail and wholesale supply sales and net margins on supply operations

Net margins on supplies were about $123 million, or 3.8 percent of sales, in 1972-73.

Item	1972/73		1971/72	
	Amount	Number reporting	Amount	Number reporting
	1,000 dollars	*Number*	*1,000 dollars*	*Number*
Retail sales	584,424	12	485,751	12
Wholesale sales	2,665,194	18	2,269,908	18
Total	3,249,618	19	2,755,659	19
Net margins on supply operations	123,365	19	83,876	18
	Percent			
Percent of total supply sales	3.80		3.04	

Table 114—Distribution of total net margins [1]

About one third of net margins were paid in cash as dividends and refunds.

Type of distribution	1972/73	1971/72	Increase or decrease	Cooperatives reporting in 1972/73
	1,000 dollars		*Percent*	*Number*
Cash dividends on capital stock and other equities	7,486	7,553	(—0.9)	14
Patronage refunds:				
Paid in cash	44,424	27,749	60.1	18
Paid in capital stock and other forms of equity capital (excluding allocated reserves) [2]	55,609	39,918	39.3	15
Additions to capital reserves (allocated and unallocated)	27,283	11,031	147.3	19
Credited to minority interests and others	1,638	1,628	0.0	5
Income taxes	15,597	11,540	35.2	13
Total	152,037	99,419	52.9	19

[1] Figure 2 also shows principal distributions of net margins.

[2] Evidenced by capital stock, certificates of equity or indebtedness, revolving fund credits, allocated member equities, and other equity holdings. Also, 13 cooperatives reported retiring in cash patronage refunds deferred in previous years under revolving capital programs which totaled $26.9 million in 1972/73, and $34.9 million in 1971/72 (table 115).

About $123.4 million, or 81.2 percent of their total net margins in 1972/73 and $83.9 million or 84.4 percent in 1971/72 came from supply operations. Net margins on supplies averaged about 3.8 percent on supply sales in 1972/73, and about 3.04 percent in 1971/72 for those reporting such information.

Total net margins on all supply and marketing operations were equal to 2.72 percent of total sales of farm supplies and farm products in 1972/73, and 2.12 percent in 1971/72. These net margins were equivalent to 16.7 percent of the cooperatives' yearend net worth in 1972/73, and to 11.7 percent in 1971/72; and equivalent to 6.5 percent of yearend total assets in 1972/73, and to 4.9 percent in 1971/72.

The amounts of revolving capital stock, revolving funds credits, and other equity holding issued in prior years in payment of patronage refunds that were retired in cash in these 2 years are shown in table 115 and figure 3.

Net margins available to patrons represent margins after payment of or provisions for Federal income taxes because income taxes shown as paid or accrued by one cooperative cannot be used as basis for estimating the amount of tax paid or accrued by other cooperatives. Thirteen cooperatives, however, reported total income taxes of $15.6 million in 1972/73, and $11.5 million in 1971/72.

Some cooperatives operate under a contractual obligation to distribute to *all patrons* all net margins above operating expenses and dividends on capital stock. The remainder have a contract with only their *member-patrons* to distribute net margins arising from member business. Under established legal principles, both types of contracts permit the cooperative to exclude from gross income those net margins allocated on a patronage basis and distributed in cash or in various forms of patrons' equities within prescribed time limits and other requirements.

This right of exclusion applies equally to

farmer cooperatives qualifying for so-called exemption under section 521 of the Internal Revenue Code; to farmer cooperatives that are nonexempt; and to any other corporation or business firm. Qualifying "exempt" cooperatives are also permitted to deduct dividends on capital stock and certain extraneous income in determining their Federal income tax position. Both groups of cooperatives are subject to essentially all other taxes paid by business enterprises.

Table 115 shows that 13 of the 19 cooperatives retired some of their member capital in 1972-73. The amounts and rates are subject to the discretion of the board of directors. Three revolved some of their capital within 10 years; 4 revolved some within 10-23 years; 4 operated on a modified basis wherein a flat percent of part or all equities was redeemed; and 2 were based upon requests. Several cooperatives also met their obligation to retire debentures and certificates of indebtedness each year. Most were on a 5- to 10-year basis.

The associations referred to in table 116 also have repaid in cash to members substantial amounts of the patronage refunds originally converted to revolving capital. For example, 6 cooperatives reported they had retired $114.4 million of such refunds or capital securities since organizing. This was equal to about 41 percent of the total amount of patronage refunds they had deferred or issued in capital stock and other securities for revolving capital purposes.

Table 116—Total net margins and their distribution since date of organization through 1972/73[1]

Thirteen co-ops reported more than $1.4 billion of net margins since organizing.

Distribution of net margins	Amount
	1,000 dollars
Cash dividends paid on capital stock and interest on other equities	132,605
Patronage refunds (on current year's operations):	
Paid in cash or equivalent	436,588
Paid in capital stock and other forms of equity capital (excluding capital reserves)	508,247
Income taxes	132,177
Additions to capital reserves (allocated and unallocated)	227,438
Total	1,437,055

[1] 13 cooperatives.

Table 115—Total cash payments to members and patrons—dividends on stock, patronage refunds, and retirement of revolving capital[1]

Total cash distributions were equal to more than half of net margins in 1972-73 and to 70 percent in 1971-72.

Type of cash distribution	1972/73		1971/72	
	Amount	Cooperatives reporting	Amount	Cooperatives reporting
	1,000 dollars	*Number*	*1,000 dollars*	*Number*
Cash payments pertaining to current year's operations:				
Dividends on stock and interest on other member equities	7,486	14	7,553	15
Patronage refunds on supply and farm products sales	44,424	18	27,749	15
Cash retirement of revolving capital and other member equities acquired in earlier years	26,911	13	34,933	13
Total	78,821	18	70,235	18

[1] 18 cooperatives.

Financial Status

Table 117—Consolidated balance sheets for fiscal years ending in 1972/73 and 1971/72[1]

Net worth exceeded $900 million and assets $2.3 billion at close of 1972-73.

Item	1972/73 Amount	1972/73 Percentage of total	1971/72 Amount	1971/72 Percentage of total	Increase or decrease
	1,000 dol.	*Pct.*	*1,000 dol.*		*Pct.*
Assets:					
Current	1,306,952	55.8	1,036,174	51.0	26.1
Fixed (net)	737,238	31.5	707,776	34.8	4.2
Other	299,221	12.8	288,651	14.2	3.7
Total	2,343,411	100.0	2,033,001	100.0	15.3
Liabilities and member equities:					
Current liabilities	824,424	35.2	584,199	28.7	41.1
Term loans & other liabilities[1]	349,137	14.9	354,090	17.4	(−1.4)
Subordinated debentures	259,980	11.1	245,172	12.1	6.1
Member equities or net worth	909,870	38.8	849,540	41.8	7.1
Total	2,343,411	100.0	2,033,001	100.0	15.3

[1] 18 cooperatives. Figure 4 also shows principal changes in balance sheet items.
[2] Includes minority interests.

Table 118—Member equity or net worth items, close of 1972/73[1]

More than 45 percent of net worth consisted of capital stock

Item	Cooperatives reporting items	Amount
	Number	*1,000 dollars*
Capital stock and credits:		
Common	16	204,319
Preferred	13	174,932
Part paid (stock credits)	3	345
Patronage refunds payable in stock	6	36,236
Total	17	418,832
Deferred refunds and other revolving fund equities, book credits, and certificates[2]	6	107,930
Member-patron equity reserves-allocated[3]	15	205,866
General reserves or surplus (mostly unallocated)[4]	14	161,376
Net margins and refunds for current year—undistributed	5	15,800
Other equities[5]	1	66
Total equities other than stock	18	491,038
Total	18	909,870

[1] 18 cooperatives.
[2] Includes finance funds, capital fund certificates, certificates of equity or ownership, capital reserves certificates, and capital book equities.
[3] Includes the following allocated items: Capital reserves general reserves, patronage credits, appropriated reserves, special permanent reserves, and contingency reserves.
[4] Includes retained margins, reserves for operating capital and revaluation of facilities, and special permanent reserves.
[5] Includes nonmember capital, reserve for revaluation of facilities, and minority interests.

The combined associations had $1.59 of current assets for every dollar of current liabilities in 1972/73 compared with $1.77 in 1971/72.

Members' equities increased 7.1 percent from 1971/72 to 1972/73. They represented only 38.8 percent of total assets in fiscal 1973, compared with 41.8 percent in fiscal 1972.

The regional cooperatives reported their net worth or member equities under more than 30 names or items. These were grouped into 9 types in table 118 and into 5 groups in figure 5. Complete information was not obtained as to which types were allocated or unallocated to patrons and which were in a revolving capital status.

Principal Facilities

Table 119—Type and capacity of principal facilities owned at end of 1972/73[1]

Feed mills, fertilizer plants, and petroleum refineries were major manufacturing facilities owned.

Facility	Number of plants	Annual operating or storage capacity and unit	
Wholesale & Manufacturing of Supplies			
Farm supply distribution warehouses	69	4,518,828	sq. ft.
Feed mills	100	6,992,726	tons
Feed depots—dry	6	2,600	tons
Feed depots—liquid	14	1,372	tons
Alfalfa dehydration plants	3	24,000	tons
Nitrogen plants	5	2,023,600	tons
Ammonia terminals	1	30,000	tons
Ammonium phosphate plants	2	1,041,370	tons
Superphosphate & dry mixing plants	45	2,123,000	tons
Fertilizer bulk blending plants	94	418,934	tons
Fertilizer liquid mix plants	31	1,472,300	tons
Petroleum refineries	7	73,482,500	bbls.
Petroleum bulk terminals	36	25,753,548	bbls.
Natural gas plants	4	26,736,000	1,000 cwt.
L P gas plants	47	61,947,094	gals.
Lube oil blending plants	3	--------	--------
Seed processing plants	43	157,181,600	lbs.
Insecticide formulating plants	2	31,906,000—dry	lbs.
		3,002,642—liquid	gals.
Battery plant	1	184,000	units
Grease plant	1	20,900,000	lbs.
Paint plant	1	1,500,000	gals.
Fabricating plants	4	16,800	sq. ft.
Automotive and manufacturing centers	5	--------	--------
Hatcheries	4	183,160,000	chicks
Printing plant	1	--------	--------
Research farms	6	--------	--------
Research laboratory	1	--------	--------
Retailing of Supplies			
Supply service stores	330	--------	--------
Bulk petroleum plants	200	--------	--------
Service stations	38	--------	--------
Home and garden stores	9	--------	--------
Convenience food stores	6	--------	--------
Marketing of Farm Crops			
Local or line elevators	212	33,725,000	bus.
Terminal elevators	16	58,850,000	bus.
Subterminal elevators	3	1,900,000	bus.
Bean processing plants	6	586,000	cwt.
Flour mills	2	275,000	bus.
Malt plants	3	9,030,000	bus.
Linseed oil plant	1	2,500,000—flaxseed	bus.
		625,000—sunflower	bus.
Peanut plants	10	310,629	tons
Pecan processing plants	1	21,000,000	lbs.
Soybean processing plants	3	840,000—meal	tons
Tobacco warehouses	2	1,600,000	lbs.
Seed and bean plants (local)	3	--------	--------
Fruit & produce packing plants	6	130,000	tons
Fruit and vegetable processing plants	13	53,000,000	cases
Cherry processing plants	1	3,200	tons

Continued------------

Table 119—Type and capacity of principal facilities owned at the end of 1972/73—Continued

Feed mills, fertilizer plants, and petroleum refineries were major manufacturing facilities owned

Facility	Number of plants	Annual operating or storage capacity and unit	
Potato processing plant	1	80,000,000	lbs.
Bird food processing plants	1	34,000	sq. ft.
Marketing of Animal Products			
Egg processing plants	25	9,475,000	cases
Broiler processing plants	9	358,694,220	lbs.
Turkey processing plants	1	22,620,000	lbs.
Hog processing plants	4	20,692	head
Pork canning plants	1	31,000,000	lbs.
Beef packing plants	1	260,000	head
Beef cattle feedlots	2	30,000	head
Swine testing stations	4	--------	--------
Small animal food plants	2	79,000	sq. ft.

[1] 18 cooperatives.

Appendix

Other Major Regional Cooperatives Handling Supplies in 1973 (With supply volumes more than $25 million a year)

Name and address	Main business
Fruit Growers Supply Company, Los Angeles, Calif.	Containers
Valley Nitrogen Producers, Fresno, Calif.	Fertilizer
Mississippi Chemical Corporation, Yazoo City, Miss.	Fertilizer
Missouri Farmers Association, Inc., Columbia, Mo.	Diversified
MFA Oil Company, Columbia, Mo.	Petroleum
MFA Milling Co., Springfield, Mo.	Feed

National or Area Federations of Regional Cooperatives Handling Supplies in 1973

Name and address	Main business
CT Supply Co., Fremont, Calif.	Containers
International Energy Cooperative, Inc., Washington, D.C. (organized in 1974)	Petroleum
Farmers Forage Research Cooperative, Lafayette, Ind.	Seed
CF Industries, Inc., Chicago, Ill.	Fertilizer
National Cooperative Refinery Association, McPherson, Kans.	Petroleum
International Petroleum Cooperative Association, New York City	Petroleum
Universal Cooperatives, Inc., Alliance, Ohio	Diversified
Farmers Chemical Association, Tyner, Tenn.	Fertilizer

Other FCS Publications Available

Handbook on 20 Major Regional Cooperatives Handling Supplies, 1968, 1969, and 1970. J. Warren Mather. FCS Research Report 20, 63 pp.

Cooperatives' Position in Feed Manufacturing. J. Warren Mather and John M. Bailey. 1973. FCS Research Report 25, 49 pp.

Integrated Petroleum Operations of Farmer Cooperatives, 1969. J. Warren Mather and John M. Bailey. 1971 FCS Research Report 21, 42 pp.

Cooperative Fertilizer Marketing and Manufacturing, 1949/50-1969/70—Plant Capacities in 1972. J. Warren Mather. 1972. FCS Research Report 24, 66 pp.

A Financial Profile of Farmer Cooperatives in the United States. Nelda Griffin. 1972. FCS Research Report 23, 95 pp.

Cooperative Growth—Trends, Comparisons, Strategy. Martin A. Abrahamsen. 1973. FCS Information 87, 107 pp.

Approaches and Problems in Merging Cooperatives. Martin A. Abrahamsen and J. Warren Mather. 1966. Information 54, 31 pp.

Statistics of Farmer Cooperatives, 1969-70. Jane H. Click. 1972. FCS Research Report 22, 40 pp.

Supply Cooperatives. J. Warren Mather. Revised 1965. FCS Bulletin Reprint 2, 52 pp.

For copies, write Farmer Cooperative Service, U.S. Department of Agriculture, Washington, D.C. 20250.

FARMER COOPERATIVE SERVICE
U.S. DEPARTMENT OF AGRICULTURE

Farmer Cooperative Service provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The Service (1) helps farmers and other rural residents obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

The Service publishes research and educational materials and issues News for Farmer Cooperatives. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, or national origin.